

**CITY OF GRANTS PASS
BUDGET COMMITTEE
MEETING MINUTES
May 6, 2014 – 6:00 P.M.
City Council Chambers**

The City of Grants Pass Budget Committee met on the above date. Councilors Dan DeYoung, Dennis Webber, Rick Riker, Jim Williams, Ken Hannum, Mark Gatlin, and Jim Goodwin were present. Councilor Lily Morgan was absent. Budget Committee Members Curt Collins, Tom Brandes, Roy Lindsay, Ferris Simpson, Frank Morin, Gary Still, and Jerry Leagjeld were present. Committee Member James DeHoog was absent. Also present and representing the City were Mayor Darin Fowler, City Manager Aaron Cubic, Assistant City Manager David Reeves, Finance Director Jay Meredith, Parks and Community Development (hereafter: PCD) Director Michael Black, Interim Public Safety Director Bill Landis, Public Works Director Terry Haugen, and Human Resources Director Karin Lange.

City Manager Cubic stated, I'm Aaron Cubic the city manager for Grants Pass and I also serve as the budget officer. I'd like to welcome the Budget Committee Members, City Council, the mayor, and those people in the audience who are participating and watching the budget process. Welcome and good evening. Good evening to the first budget committee meeting for fiscal year 14/15. In front of you, you have a purple sheet which has the agenda for tonight's meeting. It starts off with the budget officer convening the meeting and an overview of the budget process and then we'll move on to nominations of the chair and vice chair and then move forward with the adoption of the budget committee ground rules which you also have in front of you. It's a white piece of paper. It says ground rules and those were the ground rules that were adopted last year. We will be reconfirming those and having discussion on those at that point in time. What I'd like to do is just sort of highlight what the budget process is. You should have a sheet in front of you which is the schedule for the agenda. Tonight's meeting is going to provide an opportunity for the budget officer to deliver the budget message and also provide a general overview of the strategic plan and related capital projects for the Lands and Buildings capital projects. So I will be talking a little about the strategic plan, the budget message, and our Lands and Buildings capital projects. From there our second meeting is scheduled for May 13th. We will be hearing budget presentations from specific departments and we'll start with the Public Safety department and move forward with the Parks and Community

Development department. On May 15th will be looking at doing the Public Works department and that would also include the capital budget presentations. May 20th will be the Administration department budget presentation which includes Human Resources and Finance. We have a couple optional dates if we need them but primarily we have it scheduled for four budget committee meetings with optional meetings being held May 27th and/or 29th with adoption by City Council on May 18th at their City Council meeting.

In front of you one of the forms you have is the Budget Committee rules and responsibilities. I thought I would just highlight briefly what the roles and responsibilities are of the Budget Committee. The Budget Committee is charged with holding one or more meetings to receive the budget message and the budget document. The Budget Committee provides members of the public an opportunity to ask questions about and comment upon the budget document. The Budget Committee also approves the budget document as submitted by the budget officer or as revised and prepared by the Budget Committee through discussions. Also, the Budget Committee sets the tax rate or amount needed to balance the budget. Here are some of the things the Budget Committee isn't. Generally, the Budget Committee's role is not to directly establish or eliminate specific programs or services. The Budget Committee influence on programs and services is most often exerted at a higher level when it approves the overall budget and establishes the tax levy. The Budget Committee's role is not to adjust policies or priorities set by City Council or add or delete or increase or decrease programs. However, the Budget Committee does test the reasonableness of the line items to meet the priorities and goals of the City as set by the City Council. Does anyone have any questions at this point? Hearing no questions what I'd like to do is start by asking for nominations for the budget chair. Once the budget chair nominations are held and the chair has been selected that chair will take over the meeting and then we'll get nominations for the vice chair and continue with the agenda. So are there any general nominations for budget chair?

[Recorder's Note: Roy Lindsay and Ferris Simpson were nominated for the position of budget chair.]

Committee Member Simpson stated, I am going to decline because I am going to miss a couple meetings and I don't think it is appropriate for the chair to miss meetings so I am going to respectfully decline, thank you.

MOTION/VOTE

Councilor Hannum moved and Tom Brandes seconded to elect Committee Member Roy Lindsay as Budget Committee Chair. The vote resulted as follows: “AYES”: Councilors DeYoung, Williams, Hannum, Webber, Riker, Goodwin, and Gatlin and Committee Members Leagjeld, Collins, Morin, Brandes, Simpson, and Still. “NAYS”: None. Abstain: Committee Member Lindsay. Absent: Councilor Morgan and Committee Member DeHoog. The motion passed.

City Manager Cubic stated, I’m going to turn the meeting over to you Roy and you can go ahead and continue with the agenda.

Chair Lindsay stated, thank you for your confidence. I appreciate it. The next item is the selection of vice chair. It is open for nominations for vice chair.

[Recorder’s Note: Tom Brandes was nominated]

MOTION/VOTE

Committee Member Still moved and Committee Member Brandes seconded to elect Committee Member Tom Brandes as Budget Committee Vice Chair. The vote resulted as follows: “AYES”: Councilors DeYoung, Williams, Hannum, Webber, Riker, Goodwin, and Gatlin and Committee Members Leagjeld, Collins, Morin, Brandes, Simpson, Lindsay, and Still. “NAYS”: None. Abstain: None. Absent: Councilor Morgan and Committee Member DeHoog. The motion passed.

Chair Lindsay stated, next on the agenda is the adoption of the budget committee ground rules. City Manager Cubic will go over them. Is there any discussion at this point?

City Manager Cubic stated, good evening Budget Committee Members and City Council. I thought I would go over the budget committee ground rules for you then you can have discussion. The first is to start the meetings at 6pm and end and 9pm. The Budget Committee can vote to extend the meeting past 9pm if appropriate or needed. Don't deliberate outside the meetings. Each Budget Committee Member should be familiar with the City's strategic plan and implementation overview and seek to align Committee recommendations and decisions to the

plan while actively acknowledging and maintaining the policies of the City Council. Encourage each member to participate fully through thoughtful discussion and effective decision-making and effectively communicate with each other by focusing on problem solving and willingness to consider all points of view. To seek to understand the principles alternatives and choices within the recommendations presented by City staff and to come prepared for every meeting by reviewing the agenda and background materials in advance. Vital information requests that require staff time to complete they must be approved by the Committee at the budget meeting. Individual Budget Committee Members have no special authority to request information or direct staff to provide reports. The Budget Committee as a whole may, by committee vote, direct the Administration to provide additional reports, information, data, or presentations to help the Budget Committee better understand the budget. Formal action on key decisions will be conducted by Roberts Rules of Order. The process will include a motion and second, discussion, and vote by the Committee. Passage of a motion has to be by the majority of the entire Committee, at least nine, not just a majority of those present. All Budget Committee Members including the chair vote on all motions before the Committee. Focus on the big picture issues. Treat citizens with respect. Provide for public comment at least once in every budget committee meeting.

Chair Lindsay asked, any comments or discussions?

Councilor Williams asked, I would like you to define deliberate in number two.

City Manager Cubic stated, deliberate would constitute if more than one Budget Committee Member got together with another one and deliberated to come to a conclusion on a potential recommendation for the meeting or action for the Committee.

Councilor Williams stated, so you're saying we could talk about the budget committee but we could not come to a conclusion. I except that thank you.

Councilor DeYoung asked, in item number four where it says information requests that require staff time to complete must be approved by the Budget Committee. How many people have to want information? If one or two people want it or do we drop down to at least nine out of the Committee.

City Manager Cubic stated, that's a good question. It would sort of serve as the City Council. If a City Council member during a City Council meeting would like additional information on something they would bring that information and if the Council agrees that is something that staff should spend time on and bring back a report on. Then that is voted on and then Council has that clear direction that is information we are to provide at the next meeting. It would be similar here. If a Budget Committee Member makes a motion that says I would like to have some additional information on this, maybe a presentation or staff to provide some more information, then if the Budget Committee by a majority agrees then it would pass and staff would prepare whatever is requested for a subsequent budget committee meeting.

Councilor DeYoung stated, so you're saying that it requires a motion, a second, and a vote if I, for instance, have a question about something and I need some more information from staff.

City Manager Cubic stated, it depends on the amount of effort and time it takes to do that. If you want to ask a question that is what budget committee meetings are for and we will respond in a quick fashion. If we can respond to you that evening then that is great. If we can respond to you with little or no effort that is no problem. However, if a request comes up that someone wants to have certain information that may require 30 hours of staff time to put together that information it would be an effective use of staff time if we made sure that that information is needed and desirable by the whole Budget Committee before we spend 30 hours on that.

Councilor DeYoung stated, I think you already know my next question. How am I supposed to read your mind into how long staff is going to take to provide that information? That's what I'm wondering. It's unclear to me in number four. Is it just a majority of the people that are here? Is it half a dozen people? Is it three people that are interested in this information or do we drop back down to at least nine even if we have some absentees? Like tonight, Lily Morgan is not here so we are one short tonight. I need some clarification on that.

City Manager Cubic stated, again it would require a motion. A motion requires at least a quorum to be present to vote. That motion would need to pass. When the questions were brought up you would be informed on whether or not that would require a certain amount of time that would be in excess of something that we can easily provide you.

Councilor DeYoung asked, then if you say that's going to take some time then I would need to put that in the form of a motion, have it seconded, and see if everybody else or a majority wants to do that, correct? Is that going to be the process?

City Manager Cubic stated, yes.

Committee Member Leagjeld stated, the last and only time I've known of this situation of requesting information that I would call little on the heavy side since 1983 was when Richard Michelin had his 20 questions. Other than that there has never been any instance. This is an outright offensive move against people like me who want to ask questions and I have worked very hard at rifling my questions so that we do not have that. But the State does say and we need to look at what this ruling is as far as the Budget Committee's responsibility and part of it is to seek out information and provide it to the public. If I charge a half an hour time for a question I have based on my experience and what I've put into this I should have that information. On the converse of all that, if we're going to have restrictions put on us then we should seek out restrictions to put on staff in saying they have to do timely, complete, consistent information when we ask questions. I would recommend from my standpoint and the reality of what's best for the citizens is to have people representative of the Budget Committee who are digging out information to see that we can do the oversight that we're supposed to do with the budget.

Committee Member Still asked, I guess I would like to understand when we ask a question for information how much time is going to be required. Is it fair to ask staff to tell us that up front before we go into performing a formal motion and taking a vote? If I wanted to get a copy of something that already exists and it's going to take a secretary to go down and runoff 18 copies on the copier that seems fairly straightforward where as if it's going to take 30 hours I would balk at that.

City Manager Cubic stated, and I agree. It is not that every question that the Budget Committee has would have to go through a motion. It is that staff would have the ability to say, if a question is brought up and it's intricate in gathering information, we could say this is going to require some more staff time than just getting an hour worth of time. If it's of interest to the whole Budget Committee we will be more than happy to gather that information once a motion was passed.

Mayor Fowler stated, I was just thinking as a Budget Committee we can ask questions of staff and that has a different implication than a citizen coming in and asking a question about finances. I think you have every right to come in and ask any question you want Jerry it's just whether the official Budget Committee's position is going to be will staff do this and produce this kind of paperwork in a budget process. To keep that from bogging down we want to make sure we are seeing the thing in an overview like we're supposed to and if you'd like to see more I think that Aaron or whoever Aaron says would be glad to answer any questions you may have.

Committee Member Leagjeld stated, it isn't a question of answering my questions it's an answer of are we doing what the State requires, number one, because that's our key responsibility. Number two, are we asking people to give up their free time to come and do the budget and then they're told that they can't do this and they can't do that? We need to get away from that. This is a team effort to get a budget built and you start breaking the team down by assigning penalties on certain people because you think they are going to go over the time limit. I think we need to rethink this and match it up against what the State rule says under 150.

Councilor Webber stated, I think Jerry just made the point but I think he made for the other side and that's the fact that this is in fact a team operation. Just because one person gets elected to the Budget Committee doesn't mean that the one tail gets to wag the dog. One person can't come in and say I demand the right to create 25-30 hours worth of staff time to ask a question is only relevant in my own mind. The question has to be relevant in the majority of the minds of the people on the Budget Committee because we are in fact the team. We are elected to represent the entire community. If you bring up a relevant question and half of the other people sitting at this dais say yeah that's a really good question then we have a right to spend the taxpayers' money, because that's not free work being done by the staff, we have a right to spend the taxpayers' money to generate 30 hours worth of staff time to answer that question because a majority think it's valid. If the majority doesn't think it's valid then it is not legitimate for one person, simply because they're on the Budget Committee, to go and spend taxpayers' money by requiring staff time to answer a question that 15 other people don't think is relevant. So I agree. I think you made the point correctly. It's a team and we should operate as a team and adopt the rule.

Councilor Williams stated, I would like to take the middle ground. You said one and this rule says nine. I think if there are three or four because this to me this smacks of confining and

restricting and making that 9 people in here have to agree. The best thing to do is Councilors are to keep their mouth shut if anybody that is not on the Council asks a Councilor. After the budget committee is over with we will bring it up in regular meetings. Then you get two or three of the Councilors that want to do it because normally none of the Councilors do it one at a time necessarily. There are two or three or four that want to do it then we can get the answers done. To me this is a little bit choo-choo train in the fact that, and I am not saying it is, it kind of looks like it's a choo-choo train because I like Mr. Cubic's flexibility that we have had and I like the staff. Nine sounds like an awful lot and being pretty heavy and you have got eight public people that are great outside the Council people, but they haven't been here and they haven't seen the stuff that the other eight have seen.

MOTION/VOTE

Committee Member Simpson moved and Councilor Goodwin seconded to accept the Budget Committee Ground Rules as presented. The vote resulted as follows: "AYES": Councilors Webber, Riker, Goodwin, and Gatlin and Committee Members Collins, Morin, Brandes, Still, Simpson, and Lindsay. "NAYS": Councilors Hannum, DeYoung and Williams and Committee Member Leagjeld. Abstain: None. Absent: Councilor Morgan and Committee Member DeHoog. The motion passed.

Chair Lindsay stated, next is the delivery of the budget message.

City Manager Cubic stated, good evening Budget Committee Members and members of the public. Thank you for attending. It's my honor to be able to present the City's fiscal year 2014/2015 budget. Now the budget is much more than just financial figures. The purpose of the City's budget is to serve as a Sherpa for providing City services and working as a financial plan for the fiscal year. It also represents the official organizational plan by which the City's policies priorities and programs are implemented. The budget provides the means to communicate to the residents and businesses and employees about the City's financial sources are used to provide services to the community. The budget includes both the operating costs to manage the City and the capital improvement projects that the City plans to undertake during the fiscal year. During my presentation this evening I will be talking about the budget message, the strategic plan, a City overview, budget process, financial policies, department budgets, capital construction, Lands and Buildings, PERS, and there is an appendix. This is what is in your budget packet that you have in front of you. The first step if you open up your book and

want to follow along with the budget message is the budget message. That is a great starting place to read about the big picture items for the city and what is important to the City and what is important in this year's recommended budget. This evening I will highlight the actions taken to keep the cost down within this budget. I will talk about some personnel parameters and we will talk about personnel within the City. We'll provide a budget summary and also discuss some future challenges that we are facing today.

Budget format and other changes this year - we have a new location for a number of different guides within the budget. We have the traditional table of contents in the beginning but also what was included to make this more readable and more transparent is that we have added a couple different table of contents so that you can follow along depending upon how you want to look something up you can look it up by department or you can also do an alphabetical index. Changes to Public Safety budget - you'll notice in here as we're going through it that there are two main changes to Public Safety. One the Street Lighting was moved to Transportation in this proposed budget for fiscal year 2015. There is also a new division called the Sobering Center under Public Safety. Other changes - Jo-Gro division and Wastewater closed during fiscal year 2014 so you will not see Jo-Gro as an active budget item. Also there is a new PERS tab in the budget book per City Council's request documenting the City of Grants Pass's participation in the PERS system and that is towards the end of the book before the appendix.

The budget really starts with the strategic plan and what I mean by that is that the strategic plan drives the budget. City Council has established a process where we begin formulating what the budget looks like at the beginning stages with developing a plan for the city. This year's budget planning process continues to gather information from all the stakeholders that came through the strategic planning process. Through the strategic planning process we set our goals and we allow those goals to drive the budget not the budget to drive the goals. A number of people including citizens, commissions, committees, staff, general public, and City Council all have input in developing and prioritizing the goals which were put into the strategic plan which then drove what you're looking at in front of you which is the budget. The strategic plan is located in the budget and it has priorities in the strategic plan from one star to three stars - three stars being higher in priority than one star.

This year's budget does represent a similar level of services. Council direction from the strategic planning process was that we were to maintain the same level of service throughout

the operating divisions. Minimal changes required to keep the same level of services this year no new staffing positions other than one position recommended to replace some ongoing contractual work. We have someone under Property Management that we have hired basically for two years through temporary service, a temporary employment agency service. It was found that was actually in violation of one of our bargaining units' language and ultimately taking what was a temporary but basically a full-time temporary and moving it into an actual City FTE. So it is not really an increase in FTE. We were utilizing it but we were contracting out that one FTE. Net funded full-time employee equivalents are down in this year's budget by 4.9% due to Jo-Gro and the service delivery change recommended in the Tourism promotion services. For Travel and Tourism we are looking at outsourcing that so there is a reduction of two FTEs because of that also. The capital project budget as presented follows Council's work plan and meets the highest priority needs first. The nice thing about this is we are able to provide a similar level of service without changing tax rates. We have a permanent tax rate of \$4.1335 per \$1000 which we collect about \$10.4 million annually from that. We have a tax levy which was just passed. It's implemented and starts in fiscal year 2015. It's a four-year \$1.79 per \$1000 and it collects approximately \$4.5 million. The great thing about that is a passed by a 62% margin which really shows the support that the community has for our Public Safety department. We also have a bond at \$0.3857 per \$1000. The ending term on that is slated for 2018. It collects approximately \$1 million a year. Total property tax rates for the city \$6.3092 per \$1000 which we collect approximately \$15,908,000 from. All property taxes are dedicated Public Safety. In fiscal year 2015 some general fund reserves will be used for Public Safety at the current tax rates. The permanent rate and the levy used to be sufficient to fund the Public Safety department but we are now utilizing some general funds to subsidize that operation. This is by design for the current levy and the drawdown in reserves will be slightly less than originally projected which is a positive thing. Thanks to the responsible budget recommendations and no changes to the internally billed PERS rates. Some general fund reserve drawdown's would have already occurred if it had not been for the saving efforts and some one-time limited time revenue sources such as Public Safety operating grants phasing out. One time property tax turnovers in past years from winding down redevelopment agencies and Public Safety and other departments working hard to turn back savings each year has slowed that drawdown of the general fund. I think it's important to note though that it will continue to take a dedicated and coordinated effort to keep the general fund carryover balance where it should be per our financial policies. We have to be diligent in maintaining that fund balance. Due to average saving rates the general fund drawdown will not be as severe as it shows in this

recommendation. The original levy financial plan showed that the general fund balance drawdown of almost \$700,000 in fiscal year 2015. This fiscal year 2015 budget recommend drawdown is about \$400,000 if we continue to do the traditional savings and the rates continue. That is a big savings in our operating expenditures. This continued cost-saving effort and conserving the limited general fund discretionary revenues will be key to continuing the level of services. Again, that is good news that the drawdown is not going to be as big as we expected.

What actions have we done to keep costs down? There are a number of actions that I would like to highlight that are in this year's budget. Staff preparation in insurance planning and insurance costs - we were originally facing a 20% increase to rates in 2014 for the City's main plans and we brought it down closer to only 7% that was a big win. Staff ownership of Worker's Comp insurance programs which resulted in rebates to divisions in some years has been a real positive. Also, Community Service Officers to relieve police duties, the student firefighter program to provide additional staffing and fire, and the use of technology to improve efficiencies and effectiveness of operations. These are all items that we have done or we will be incorporating in fiscal year 2015 budget to keep costs down. We also use temporary help to fill in during the summertime, the use of community service worker crews, and investment in technology equipment and services to increase efficiencies and reduce costs and reduce the need to hire additional staff in the future. We are working hard to find other ways to turn back budgetary savings from operating budgets each year and we do have a long history of turning back savings. Without this the general fund and other funds would not be meeting financial policies. Every year our departments do an excellent job throughout the year of managing the resources they have. It's not a spend it or lose it mentality within the organization. It's a don't spend it and save it and it will ultimately help our general fund in the long run. Departments actually get kudos for saving money rather than spending it and they are not penalized for not spending it. Other actions we have done to keep costs down - we have maintained good relationships with unions which has resulted in very few grievances. Within our contract bargaining we have also maintained a lower than average cost-of-living increase or increases in the contracts with half of those contracts being about 75% lower than the CPI over a six-year period. Employee groups for discussion - the City has four bargaining units and they are GPEA which we're in discussions for a new contract period that will begin this upcoming fiscal year. We have the Police Association and they have a new contract period beginning in 2015 and so negotiations will be coming up for that. We have Teamsters which we are currently in discussions with, and then we have the Fire Union which a new contract begins in 2015. So

from a Human Resources standpoint and a contract negotiation standpoint we are very busy in this upcoming fiscal year. Of course changes to salary schedules or benefits are directed through the City Council and those negotiations are done at that level. Other actions we have done to keep costs down - we did not fill certain funded vacancies and unfunded positions. Our full-time equivalent positions removed in this year's budget - we had three in Wastewater and two in Tourism. That is another win. Therefore our net positions for fiscal year 2014 which was 222.75 has gone down to this year's budget that you are looking at to 217.85 so there is a reduction in FTE. We also went through a reorganization last year which we are benefiting from this year and we will be benefiting from also next year where we took a department head position and we eliminated that. We then reorganized those duties amongst other department directors which was well received and it's ultimately created a more efficient and effective government where the focus is on the customer. We have been doing really well with that and that ultimately has been saving us a director position FTE every year. This reorganization also provided a net reduction in FTE starting in fiscal year 2014 that we realize every year thereafter. The reorganization also provided a net reduction to the city-wide expenditure budgets as compared to what the recommended budget would have been without these changes. We talked a little bit about technology earlier and I just want highlight that also. Technology continues to reduce costs and improve services. Through our websites there is reduced staff time to produce documents and we are becoming more efficient with our websites. We are enhancing our advertising coverage. We are reducing handling times for checks received and payments issued. We're reducing travel time and administrative time through the use of Public Safety CAD and MDT systems, online City lien checks, and immediate land information through GIS to make it more convenient for people doing work with our City and people just gathering information on properties. For fiscal year 2015 the recommendation included a capital budget increase that will help with efficiencies by purchasing business software upgrades and E-permitting for which the contract was signed in March of 2014. For your information we just had a kickoff meeting today and it was really exciting to see where we are going to be able to go with this in the near future. We will be working on this and the benefits will be received over 2015, 2016, and 2017 as we continue to implement the program. We actively use grants. We fund operations and staff persons from the Firewise program, for example, which is an award winning program. It's a great program that we have here and it's done a lot of good for our city. We fund capital through vehicles and seismic upgrades at Hillcrest. Those are all things that have been done through grants which have benefited the city. We have also taken action in recent years to improve our financial position and that's the key thing. That took

recommendations from the Budget Committee, from staff, and from City Council to develop policies regarding ending fund balances for the general fund, contingency for general fund, utilities, investment policies, and effective financial policies to make fiscally sound government decisions which, ultimately in the end when you have these policies in place, allows for lower bond costs.

Preparation for this year's budget - what were the parameters for the budget recommendation? The first and most important was to incorporate City Council's strategic plan, budget principles, and the capital plans. Maintain current service levels - staff was directed to hold the line where possible. We're looking at inflation expectations of 1% to 2% to impact certain budget expenditures. Some we have control over some we don't have control over. Look for both short-term and long-term savings, general fund capital transfers other than to Public Works, and capital funds limited to savings documented from recent closed fiscal year so there are some things there that have closed which created some savings for us. utility transfers - all extra resources to capital project funds after 25% required operating contingencies provided so that was providing additional resources for capital projects. Also, achieve a productive and efficient budget process like last year.

I want to talk a little about personnel because personnel is a huge aspect of the City budget. Personnel assumptions are the same in all operating budgets. The same four personnel categories in all operating divisions inflation, health insurance, bill PERS rates, Worker's Comp rates, etc. all based on individual bargaining unit agreements and legal requirements reflected in the budget. All expenditures related to personnel are recorded as either wages which will see in the budget or you'll see it as benefits. The benefits are those non-wage items such as Worker's Comp, insurance, payroll taxes, etc. PERS – PERS is our employee retirement system and it's a statewide issue. The majority of public organizations are part of PERS. They made some significant changes in 2003 to help cut those costs and create another layer of PERS benefits. In recent years the City increased its internal billed rate slightly until the PERS system will be fully funded again and not just every two years like the state did which is a huge thing for us because we started to increase internally billed rates which put us ahead of the curve when it came to PERS and their billing that they provided to us. Many years ago the City ended up creating a reserve and the projected ending fund balance of that PERS reserve for fiscal year 2015 is \$2.7 million. That's a real win and like I said we are ahead of the game. This may sound like a lot but just the increase in rates the City was facing effective 2013 would have

added more than \$500,000 per year to the City which is a lot of money so the \$2.7 million could be eaten up pretty quick. However, state legislative changes made last year will allow the City to hold internally billed PERS rates at the same rate for the next four years so we're looking at being in pretty good shape. You will see in the budget book towards the end a new PERS tab right before the appendix and you can get more information about the cities required participation in PERS and how that affects the operating divisions. Healthcare costs - some of those benefits that are provided to employees are at approximately a 7% increase for calendar year but the average experience in the last 10 years is closer to 10% per year. A change was made to the City's main insurance plan and it had to be discussed and approved throughout all the bargaining units also so this is a real win. That change in insurance will save the City over \$200,000 per year compared to the rate increases without the plan change so we made some significant changes in the insurance to save us at least that every year. Additionally, last year bargaining units accepted a cost-sharing agreement to future increases in health insurance which is another win for the organization. We have had a low inflation assumption built into the wage budget for non-personnel operating estimates. Worker's Comp insurance - we are self-insured so we have no changes to rates. That's a slightly lesser rate to many departments compared to insurance quotes which still results in a credit back to the divisions due to low loss rates and sufficient reserves in the insurance fund so we are self-insured and we still find that that's a positive thing for the City. Negotiations - almost all non-supervisory employees are part of the union or bargaining unit. Like I mentioned, we have four bargaining units within the City and all four of those are either in contract negotiations now or will be in contract negotiations in 2015. City Council will continue to provide direction on those contract changes.

I want to give you a general budget summary on where the budget is. The operating budget summary can be found towards the beginning of the budget book after the budget message. The operating budget talks little about how much it costs to run the day-to-day operations of the City services including the internal charges. The operating expenditures budget, which is the operations fund budget, is less contingencies, the ending balance, the transfers, and the debt services so you can really get a good idea of what it costs to operate the city. The operating budget in 2012 was \$28.2 million and it reached \$33.8 million in fiscal year 2014 and the recommended operating budget for fiscal year 2015 is \$33.1 million. The total budget, which includes all internal service funds, carryover balances, contingencies, and capital project resources, that's the whole budget, is \$113,436,321. The general fund makes up 29.6% of that. Close to 22% of the City's total budget comes from enterprise funds. When we're talking about

enterprise funds we mean the Water, Sewer, Wastewater, etc. those types of funds that are expected to run off of a rate basis and not off tax dollars. Capital construction funds account for about 22% and then special revenue funds such as Transportation, transient room taxes, and other accounts are approximately 8% with the remainder of the budget coming from debt service funds and internal service funds and trust funds. The total budget which includes all internal service funds, carryover balances, contingency balances, and capital project resources is, as I mentioned, \$113 million which is an increase to the current fiscal year 2014 budget of \$99,524,000. Of the \$13.9 million budget increase \$8.2 million is capital construction funds for expected major infrastructure projects either ongoing or set to begin in fiscal year 2015. The majority of the rest of the increases is in the total enterprise fund budgets and the utility funds. As these funds are beginning to have slightly higher annual resources to contribute to the many Water and Wastewater infrastructure projects on the horizon that's a thumbs up good thing. We are actually able to put some more money into the infrastructure. The City always budgets for full capacity meaning full employment and full potential material and service needs in all operating departments. However, at the end of the year there are department turn backs and savings as each department is not running at 100% all the time. We have people that either retire or that leave to better themselves or move on for whatever other reasons so we are not always running at 100% capacity. Operating budgets for fiscal year 2015 are only 0.9% from the original adopted budget in fiscal year 2014 due to a couple of things. One, the Jo-Gro division closed. Also, no changes to the internally billed PERS rates which is saving us money. Also, lower total staffing and only one added FTE, which is not really a permanent added FTE, but it was a contract employee that we're utilizing before. Health insurance and COLAS account for much of the remainder of the operating budget changes. Operating cost per capita is an important thing and I want to show you a couple charts here in just a second. When you take a look at the operations of a city costs will increase due to population increase for serving a larger city so it's tough to say your budget is going up, your costs are going up. You have to try to link it to something so you link it to cost per capita to help as a metrics to see how you're doing for your per capita service. Increases in operating per capita have been and continue to be less than average of inflation which means we are doing well and we are below inflation rates. Operating revenues per capita over the long-term also follow inflation utility rates and housing values. This graph here is a cost per person over time. For fiscal year 2014 our per capita cost was \$955 per person. For fiscal year 2015 our projected per capita cost is \$917 which is a reduction, \$955 to \$917 that is a positive.

Some overall changes with the budget - the contractual obligations to employees and union groups and increases in certain utility costs are some changes. The utility costs of course we don't have a lot of control over. We do have some control over the contractual obligations to employees and union groups and we work hard to represent the interests of the City in those negotiations. Excluding one-time contractual operating costs or changes built into the general fund for fiscal year 2014 the actual operating budget increase in this year, like I mentioned before, is 0.9%. The net funded FTEs are reduced by 4.9 FTEs which is a positive. Operating expenditures, just to give you an idea, as I mentioned personnel services is a big portion of it so I wanted to dedicate a certain amount of time just to talk about personnel. It's one of the reasons we have a PERS tab in your book to because personnel is a large item of the City's budget. 57.4% is personnel services with the next being contractual services. Then it goes down the line from there. You have indirect charges, direct charges for services, materials and supplies, and capital outlay. For capital projects and operating efficiencies there has been an emphasis on efficiencies through technology and that is definitely one of the key things for fiscal year 2015. It will be that way for 2016 and going on into 2017. The technology lifecycle replacement funding, business software, and E-permitting, and replacing nearly a 19 year old system. The system we now have is not providing an efficient and effective service to our customers both internally and externally. This means our City, ourselves as an organization, it's not serving us well and also there are leaps and bounds more things that we could be doing to provide better services to our constituents, to your constituents, if we went to a new computer software system when we are moving forward with this. There has been an emphasis on Council's adopted strategic plan and general fund and other capital funding to the highest priorities. These are such things as utility and Transportation infrastructure, new UGB, Economic Development and strategic planning, business software, E-permitting, and others to be described later on in the LB capital presentations.

General fund capital transfers - capital transfers are limited to savings or the leftovers from previous years. The general fund capital contributions are up slightly this year but will likely be declining in future years as Public Safety needs general fund dollars in addition to the revenues of the levy. Like I mentioned we are drawing down that general fund a little bit every year with that four-year levy that we have and that was intentionally done that way but it was known that that was going to happen. This year the general fund was able to continue matching contributions to the Public Works projects in an amount close to the fee in lieu of franchise revenues. I will talk a little about that later on but what that means is we collect franchise fees.

We collect franchise fees from Charter, we collect franchise fees from Avista, and we also collect franchise fees from Water and Wastewater because they are a franchise. Those franchise fees are then built back into the general fund. Those fees, like I mentioned, go back into Water and Wastewater and Transportation capital projects so the fees that we get from those revenues go back into the capital projects which benefit those enterprise funds.

Property taxes - we've got assessed value estimated to be up 2.4% due in part to new construction. For fiscal year 2014 the actual increase was 2.5% with 1.4% coming from new construction. The permanent rate is the same at \$4.1335 per \$1000. The Public Safety levy is \$1.79 per \$1000 and, like I mentioned, this is going to be the first year in fiscal year 2015 for that four-year levy. There is also a Public Safety station bond at approximately \$0.3857 for about four more years and then it will lower that the fifth year.

The general fund - we have been talking a little bit about enterprise funds and enterprise funds are very specific and can only be used for those enterprise funds for which they are collected. The general fund has the only discretionary revenue in the entire City budget shared by all general fund departments including Public Safety, Development, Parks general fund capital transfers, and others. Some of those funds include business taxes which are relatively flat, franchise fees which are up slightly, fee in lieu of franchise is which are up slightly, state revenue sharing such as liquor and cigarette taxes which are up, and other investment interest which are relatively flat. The total general fund discretionary revenue is \$4.64 million.

Some other revenues are user fees which are a significant one. All utility rates are tied to a CPI index for annual changes including Transportation utility fee. We have had an increase to our moderate rates which were phased in over two years starting January of 2013 and January 2014. Increases to Wastewater revenues we're starting in fiscal year 2014 from taking in the Redwood Sanitary Sewer Service District. You see an increase in the budget and Wastewater but it's not because we have increased the revenue just for Wastewater it's because we folded in the district and that operation. State revenues - liquor/cigarette taxes, revenue-sharing, state gas tax, etc. are up significantly and it was done because of some changes at the state level for fiscal year 2012 and that was a great increase for those state revenue sharing dollars. Also, there is the transient room tax which is up significantly higher and is projected to continue. It's distributed to Parks, Public Safety, Economic Development, Tourism, Downtown and Parks capital projects. That's another thumbs-up when you see your transient room tax dollars going

up. Breakdown of our revenue and where it comes from - just so you have a general idea 42% comes from property taxes, 35% comes in fees and charges, and the remaining bigger ones are taxes, other than property taxes, revenue from other agencies, licenses, permits, fines, fees, and miscellaneous. The two key ones are fees and charges and property taxes.

Preparing for today and the future - examples of some of the highest ranked priorities in the Council's strategic plan are one of those things that we need to focus on and they're also focused and included in some of the capital budget recommendations. Some of the top priorities from Council are annexation, policy review, participation in the pursuit of a sobering center, E-permitting system, gateway signage and landscaping, complete the UGB which is the urban growth boundary, portable water treatment plant equipment, downtown parking study, and Riverside Park playground equipment replacement. We have seen the increased activity in Parks and Community Development which is another thumbs-up positive. Both commercial and residential activity is picking up. We refunded one planner position last year due to those activities. Building development sensitive revenues are well over budget again in the current year similar to last year. Building subsidy from the general fund ended in fiscal year 2013 and it's not needed again in this budget year that's recommended. Financial policies are also there to help drive the budget recommendation. Policies on contingencies, ending balances, minimum transfers to capital utilities, preparing for future capital needs, equipment replacement funds, and others are all things that are important policies to have in place and that's helped us be where we are today. Contingencies are also items in the budget that you may see. Now contingencies can't be used in any amount without Council's approval in the budget without a budget adjustment so a contingency needs Council approval. It is there as a safety in case something unexpected comes up then you have some additional funds that you can utilize to help make that happen and it provides you additional flexibility to respond to the unexpected. Policies found in sections towards the beginning of the recommended budget book are there and also there are mostly internal policies to make sure that the City stays financially healthy. Some of these policies that we are talking about such as contingency, ending balance, minimum transfers, etc. are not legally required by the state but it is something that we have established. Here's the positive graph I want to show. This is a visual overview of compliance with our minimum standards. We have a number of standards in place. This is a two-year window so you take an old camera lens and put it on and this is what you're looking at here. The green means we meet cash flow requirements. We met fund balance policies and we met capital policies. The yellow means we failed in one or more of those three areas and the red means we

failed in all three. We had two greens the majority yellow and one red. Last year, big change, the majority green and we had only two yellows. For fiscal year 2015 the view of our compliance with our financial policies is even greater. It is all green but one. That's positive motion, that's motion in the right direction. However, you have to remember that these are just minimum policies and the primary financial challenges that the City is facing is funding for our utility infrastructure which you will hear more about the budget process.

I want to highlight some of the challenges we have ahead of us. Services available from this County that the City relies on to keep citizens safe is something that we still don't have answers to but we will shortly here before this budget process is totally completed and we will know whether or not a levy will pass. Public safety staffing challenges and workload - we have a PAVE Committee Public Safety Strategic Plan project going on that's an exciting opportunity that's going on with Public Safety. What we're doing is we're taking a look at the Public Safety department and we're doing an audit but we're also doing an envisioning and enhancement portion of that where we are going to develop a strategic plan for the Public Safety department. At the end of that we are going to have as a deliverable a number of answers to questions. Questions on should it be a separate police and fire department? Should we maintain it as a Public Safety department? Also, other ways of service and better ways of providing the service. They're going to look at response times and calls on activity levels. More than likely recommendations that come out of the PAVE will begin to be implemented throughout next fiscal year 2015 and there may be additional changes that will require a look through the budget process next year. Population surge in Grants Pass during a typical business day - we are the county seat and so during the day our population grows and our service levels also grow and then at night it slows down a little bit. Having to deal with that and making sure we have proper staff to deal with that influx every day is one of those challenges. Expanded quality and quantity needed to serve a growing city - one of the things the City is looking at is annexation. We are growing and with development picking up there'll be some growth. It's not going to be the sprint like it has been in the past but we will have slower consistent growth. The Parks system has grown in the last 10 years while staffing levels have basically remained the same. There is limited capital dollars available in future budgets after fiscal year 2015 for general fund programs such as Parks, Public Safety, and just general citywide capital needs. The utility infrastructure obligations ahead are significant as you will hear about again during the Public Works presentations. We're looking at, from a Water facility standpoint, a new plant. We're looking at Wastewater plant expansions that we'll be looking at through phased approach and

then also there are the regular replacement needs for infrastructure and utility needs. Managing healthcare costs - that is always a big one. That's one that we have some control over but not a lot. Like I mentioned before we are looking at a 20% increase but we were able to negotiate that down two years ago to a 7% increase so that was something that was in our realm of being able to have an impact on and we'll continue to try and do that. We have made some positive changes with changing insurance plans saving us hundreds of thousands of dollars a year plus through the collective bargaining agreement doing the cost-sharing with the employees. Negotiations with labor organizations - we have those four as I mentioned. They just need to be competitive to recruit and retain high quality staff. Also, PERS rates are estimated to resume increases every two years again starting in fiscal year 2016 until the system is fully restored and we don't know what that looks like.

In summary, past Council and staff actions have put us in good position. It is recommended we continue the fiscal conservative and sound financial practices that we have and the balanced-budget which continues the current services at the \$1.79 for the Public Safety levy rate. The capital budget addresses the major technical issues and Council priorities and we need to continue to work to meet the challenges ahead of us as we try to maintain our service levels. The general fund and other operating funds are fiscally healthy and well-balanced and financially sustainable without changes to service levels or primary general fund tax rates. Continued review of the utility rates to make sure infrastructure is properly maintained and necessary plant upgrades can take place without using excessive debt financing. This is an important issue and I know it has been discussed. I have had discussions with some Budget Committee Members on this. Looking at our rates and what water rates are doing compared to what our ultimate needs are from an infrastructure standpoint and are those rates sufficient enough to where they are actually getting us ahead of the game so we don't have to do a full finance package but we can actually pay down that debt before we even take it on. A new water plant is just begun and this will be the largest single capital project ever managed by the City and that is right there so we can see it coming forward. There is also the new UGB. It is pending and we're going to need to also revise a number of our master plans and update rate studies which also comes with that. You update your master plans and that then defines what the costs are and then we take a look at our rates and we do rate studies. At that time it would be an excellent time to also to also talk a little about rate structures and if we want to try and plan for future plant replacement and growth with some of our rate structures.

I would like to conclude with a bunch of thanks and kudos. I would like to thank you for the teamwork, commitment, and assistance of our elected officials and Budget Committee Members. You are volunteers. You're spending a number of hours just on the budget and that is just here sitting here. You are also spending a lot of time at home looking through these documents and I really appreciate and everyone appreciates that effort and your willingness to serve the community. I would also like to thank the Finance staff. Jay and his staff have been absolutely amazing. They are extremely professional and committed to the excellence of municipal finance and budgeting and it shows with us receiving, for 29 years in a row, the GFOA distinguished budget presentation award and we're looking forward to the 30th year with that so I would like to also thank Finance and their department. Also, I'd like to thank all the departments and the personnel within the departments. When we develop the budget, it's not just the department directors. We are all leaders in the organization and therefore we all take a responsibility developing the budget and also implementing the budget and making sure that we're utilizing our resources appropriately. I also would like to thank staff and everyone involved in making this a success. That concludes my budget message presentation.

Chair Lindsay asked, any comments or questions? I have one question if nobody else will go first. Aaron is there any attempt in this budget or perhaps the next budget to replenish the general fund funds that were taken because of the renting of the jail beds? I know that drew down the general fund significantly and I was wondering if there is any attempt to replenish those funds?

City Manager Cubic stated, you are correct it did drawdown the general fund. It drew it down into 2 ways. About half of the money or a little over half the money was taken from capital projects that were there. They were either tabled or just taken out. The other half about \$500,000 was taken out of basically contingency funds, what I talked about earlier, to be able to respond to emergencies just like that. So that would be an excellent use of the contingency in response to something along those lines. It did take about \$1 million away. Now we are not going to utilize all that \$1 million that was budgeted for that contract. That is some of the savings that we have seen that we're going to be able to realize in fiscal year 2015 but there has not been any discussions on how we are going to replenish those lost revenues. The only discussion we have had with regards to the contract is that it was not City Council's intent to have that as a permanent solution. That was a stopgap measure that was temporary in nature

and the City Council was not intending to do another jail contract without discussion and the realization of a new funding source.

Chair Lindsay asked, any other comments or questions? We have actually now received the budget document and everybody has their own copy. Next would be an overview of the strategic plan and related capital projects Lands and Buildings capital projects presentation. Is that next?

City Manager Cubic stated, yes I believe so chair. This one is a little bit shorter than the previous one just to let you know. I want to take this opportunity to talk a little bit about the strategic plan. I know I talked about earlier but I want to highlight again the importance of the strategic plan. That is really what drives the budget. This budget document represents the strategic plan and what Council's goals, wishes, and dreams are and we try to assign those resources to make that strategic plan come true. So the strategic plan has a number of different steps. It goes through where we gather information from everyone, Council adopts the strategic plan, we develop a work plan, and then in green where it states "Budget Committee appropriates resources" that's where we are right now. We are almost done with that circle and just like a circle it continues and we continue to work on this because it is a living document. We're at a point now where we have developed a work plan, the strategic plan has been adopted/prioritized, and the budget reflects that strategic plan. We take the strategic plan and staff developed a work plan. We develop a work plan because we gauge our performance and our productivity off the work plan and it's a direct relation to the strategic plan. We develop what's called SMART goals. They're specific and measurable and achievable and we mark down what types of resources are required and what type of time is required to make them happen. This is been very successful. It has been an excellent tool for us to utilize last year. We accomplished over 90% of the work plan and strategic plan goals last year. That is a huge accomplishment especially when you look at all the external pressures that we had and some of the movement that we had to do to draw money from other resources. We were still able to accomplish a lot of those goals. Part of that success is the way we manage and monitor that which is through the work plan.

Council has eight main goals: 1) the first and most important priority is to keep citizens safe, 2) provide cooperatively shared leadership involving Council, staff, and community, 3) encourage economic prosperity, 4) expand Tourism and cultural opportunities, 5) promote healthy

neighborhoods, 6) facilitate sustainable manageable growth, 7) maintain operate and expand our infrastructure to meet community needs, and 8) preserve and enjoy our natural resources. From there you break it down and there are 33 objectives and therefore there are 33 main objectives that fall somewhere under those eight goals. Out of those 33 objectives there are 142 different actions to make those objectives come real and to make those goals become reality. Like they did last year Council prioritized the work plan and mentioned in there you'll see the strategic plan and the prioritization is one star to three stars with three stars being high priority. The top five after the prioritization process went through was: 1) annexation of properties into the city limits, 2) participate in the pursuit of a sobering center, 3) water treatment plant - acquire portable water treatment equipment to provide drinking water if water treatment plant is damaged and unable to produce water, 4) develop gateway signage and landscaping, and 5) approve and update the development code. What you'll see is that all five of those goals are put into the budget. Some other high priority actions - complete emergency preparedness plans, establish a pre-application process for building development projects, implement an E-permitting system for building and planning, complete the UGB, improve dangerous problem pedestrian crossings, complete Sewer master plan and Water master plan, replace Reservoir #3, complete a study of parking needs for the downtown core district, and install a full Riverside Park playground system. Tonight we will review all of the Lands and Buildings capital projects receiving either new funding allocations of \$50,000 or more and all new LB capital projects that might have come forward through this year's goal setting strategic planning process. So there will be some in there that are not receiving new funds but are carry over because some of these capital projects go over more than one year so they are in there and we won't take the time right now to review those but I will more than willing to answer any questions you may have on those. I wanted to highlight those that are new and those that have got new allocations of over \$50,000. Some projects use restricted resources while others are funded through the general fund transfers. Again general fund dollars are the ones that can go anywhere, they are very mobile. Where the restricted resources, whether it be a transient room tax or whether it be a rate based revenue, need to be for a specific purpose. Allocations to general fund dollars are limited just by general fund savings not used in recent years and returned funding from completed or Council projects. Any projects that were completed and had a carryover or any Council projects that had money were put back in for allocation for this fiscal year 2015 budget. Public Works, capital projects, Water, Wastewater, Transportation, Storm Water, and Solid Waste will be reviewed during the Public Works operating capital budget presentation on another night and those are mostly funded by restricted utility funding. So the majority of the

funds that we are going to be talking about today are those general fund-type of dollars. \$565,000 of discretionary general fund dollars is recommended to be transferred to utility projects. We talked a little about that earlier. We take in a franchise fee in essence from those utilities of about \$565,000 and they are then transferred back into the utility funds for capital improvement. Approximately \$860,000 of recommended new general fund transfers to LB capital projects some existing capital funds were also reallocated. There is a funding summary at the beginning of the recommended capital book which shows funding types and allocations whether they be general fund, gas tax, SDCs, transient room tax, utility capital funding, or other miscellaneous funding. Also, you might notice a little difference in the LB projects. There is a new line item in one of those tables for fiscal year 2014. We needed to do a revised column because we had to make some revisions due to some changes in maneuvering due to outside pressures to reflect the recommended resource allocations and/or canceled projects.

Let's start with the first one it's on page 204 in your book. The funding is \$200,000 and it's an EPA grant. The City of Grants Pass and Josephine County and the Josephine County Solid Waste Agency submitted a joint application to the USEPA as the Grants Pass Area Brown's Field Coalition. Total project estimated cost is \$600,000. That would be estimated to go over a three-year period with about \$200,000 for each year, the funding through the grant for each year of \$200,000. This project is really slated to allow for an opportunity for us to have approved money for people who own property within our area and it's not just Grants Pass because we partnered with other entities like Josephine County. It allows those property owners that want to have some testing done to determine what level, if any, of their property has a Brown's Field or is a Brown's Field. This provides free money for them to get an assessment on their property. It's not a requirement but it's not something that the City or Josephine County or the Solid Waste Agency is going to try and require or mandate all we would do is promote and take in anybody that would want to take advantage of the free money to get their property assessed. Are there any questions on that one?

Committee Member Leagjeld stated, we got into trouble with the federal grant because we used part of it for administrative fees and it's against the regs there. Are we doing anything to ensure we don't get into the same problem again?

City Manager Cubic stated, that is a very good question. We have tried to look very closely at those. Some grants do provide for an additional Administration fee. They will tack on an

additional \$30,000 or \$40,000 for Administration fees. We make sure depending on what the grant is if it's allowable or not if we can be reimbursed for some of that.

Councilor DeYoung asked, so right now, the \$200,000, we have received a grant for that?

City Manager Cubic stated, the grant actually is for \$600,000 for the total project but it slated to go over a three-year period

Councilor DeYoung asked, so the \$600,000 grant has been approved?

City Manager Cubic stated, no.

Councilor DeYoung asked, so the \$200,000 grant has been approved?

City Manager Cubic stated, maybe Jay can add some more to this.

Finance Director Meredith stated, so the Council did approve us to move forward with making an application for this particular grant but we have not to my knowledge received the actual award yet. Any time we have something that could be a budget expenditure if we think there might be a possibility of having that active we have to prepare for it before it happens so we haven't been awarded the grant yet but we should be hearing about that grant in the next couple months.

Councilor DeYoung asked, so we are going to allocate funds to these various entities before we get the grant or how is that going to work?

Finance Director Meredith stated, no so these funds would not be used to any extent until such time as the grant is awarded and it comes back before City Council for the official sign off on the grant.

Councilor DeYoung asked, and do we apply for another \$200,000 after we do this or can we apply for three different grants three of them at \$200,000 that equals \$600,000 or are we responsible for \$400,000 of it?

Finance Director Meredith stated, it's a combined effort between the three agencies mentioned. We believe we can get up to that amount but if not enough entities come forward to use those dollars for potential development purposes then those dollars will not be allocated and won't be granted. So it's based on some extent to how well the grant is used so if we have a lot of commercial developments that come forward saying they want to use those dollars then it's possible the entire \$600,000 over a three-year period could be used.

Councilor DeYoung stated, thank you.

Chair Lindsay asked, are there any other questions?

Committee Member Morin asked, so just to clarify we're expecting the \$600,000 or up to \$600,000 that could be used with this to be funded from the EPA or are those funds from Grants Pass that would be used to fund that and then are they reimbursed from the EPA? I'm not sure how that process works.

City Manager Cubic stated, those funds come from the EPA. They're federal dollars that come to the City based on usage.

Committee Member Morin stated, okay so they would come, say we're using the first \$200,000, they would allocate more potentially. But it's not funds that we would be using from the City to pay for that?

City Manager Cubic stated, no these are not existing funds that we have that will get reimbursed these are new funds that will be provided to us through the EPA.

Chair Lindsay asked, are there any other questions?

City Manager Cubic stated, the next is on page 205 it's LB XX02 - funding \$600,000 - Garage Service Fund Balance and mostly internal fund loan from the equipment replacement fund. The current fleet facility is not properly sized and not properly equipped. This project would account for the capital costs of building a new fleet maintenance facility on the land available in the City yard on H Street. So what we're looking at is a project cost of about \$600,000. We're looking at being able to provide a new building on site on property that we currently have. We're not

purchasing new property and that would allow us to be able to maintain our fleet vehicles outside the weather and be able to provide better efficiencies in maintaining a number of our fleet vehicles where we don't have the size for right now in our current fleet operations.

Chair Lindsay asked, any questions?

Councilor Williams asked, is the \$600,000 the total fee that you plan on spending for the entire project?

City Manager Cubic stated, that this is what has been estimated to build and have a building on site ready to go for us to utilize.

Councilor Williams asked, so this will be at the south end of the property?

City manager stated, yes this will be at the south end.

Councilor Williams stated, the original building that was going to go there was \$1.5 million which is why I was asking that. The next question or continued on with the same question is the cost of the building should be amortized out over the cost of what we charge ourselves so that we know how we compare to the private sector in case we are thinking about privatizing any sections of our government.

City Manager Cubic stated, well that's a good statement and question. Jay is in charge of Fleet so I'm going to let him respond to that.

Finance Director Meredith stated, yes and actually we have a Council workshop presentation scheduled for later in this month to talk about all the details there. We don't we don't actually have a plan in place yet for the Budget Committee's perspective. This is a proposed project that we're going to work out the details and I'm going to share. I can share additional details tonight or through the budget process as needed. We haven't spent any money on designing this yet and we won't until we get the City Council's approval to move forward but we've done some checking into the extent that we could without spending any money on design to figure out how much is this going to cost and when I throw out the \$600,000 that is an estimate including the new equipment that we need to properly equip the facility. So we think the building cost is going \$500,000 or less and the rest is additional equipment that we need to properly service our

vehicles. So in essence your comment about amortizing out over the life of the building to some extent we are going to be doing that. Actually we're going to be amortizing it a little quicker. The majority of the resources to be able to do this project are going to come from an internal fund loan and we're going to pay back that loan over a period of 10 to 20 years so in essence we're amortizing the cost of the facility over the next 10 to 20 years as we pay back that internal fund loan.

Councilor Williams asked, last follow-up question roughly how big of a building?

Finance Director Meredith stated, 9,000 to 10,000 square feet.

Councilor Williams stated, that's it.

Committee Member Leagjeld asked, what is the estimated engineering and other fees related out of the \$600,000? I know in the past there have been some rather significant amounts that impact what you can do with the \$600,000 as far as the building is concerned. What is an estimate of the engineering costs in and out?

Finance Director Meredith stated, I don't have that estimate yet but it's not going to be as much as it would be for a typical capital project the City takes on such as a pipeline. We have talked to one of the outside engineering firms that does regular business with the City and they have already designed similar facilities in other cities and other locations. I think they can probably provide a pretty good roadmap to us on how to build. This is not going to be a facility that has a lot of bells and whistles you could say. Probably the only thing out of the ordinary that we're looking to build into the design in terms of architectural or engineering would be the capability to work on alternative fuel vehicles if we so choose to move in that direction in the future. There are some design considerations if you're working on a vehicle that is a compressed natural gas-fueled vehicle. You have to have certain ventilation requirements in the ceiling. Those types of things need to be built-in for the long-term use of this facility but this is going to be a very simple commercial facility with no bells and whistles other than what we need to maintain our fleet and our City equipment. I don't have an actual number but I believe we can get the engineering and design done, I hope, for less than \$15,000. I hope significantly less but we have not priced it out yet because later this month we will talk about this with the City Council in detail to get the thumbs up to move forward on this project or to look at other options.

Councilor Gatlin stated, this says estimated total project cost is \$600,000 per year. Is that a misstatement there?

City Manager Cubic stated, yes it is \$600,000 capital costs. It's not per year so we're not looking at another \$600,000 in fiscal year 2016.

Councilor Gatlin stated, okay understood I just want to clarify that.

Committee Member Leagjeld asked, the question I was proposing was for in-house engineering. The other question at this point would be in the audit of the Engineering department. It was stated that one of their problems was they were not making up a formal, I guess, plan book. Is this project going to have a plan book that says this is what we're going to do, this is the details of it, it is going to have this time on it, etc. so we don't get into trouble like we did with some of the other programs?

Finance Director Meredith stated, Engineering might help us bid the project but this is not going to be a project managed by the Engineering department. They basically said that is not their core expertise of our internal Engineering department building commercial facilities. Their core expertise is Transportation and Water and Sewer-type projects. They might help us bid the project because their expertise is in bidding projects but as far as managing and designing it is going to be an external firm helping us with that. It will be managed by the Finance department now that the Finance department manages Fleet. So it will be internally managed by Finance.

Councilor DeYoung stated, I'll ask this so I don't have to have a motion or a second. When we do the workshop I would like to know...I'm assuming that right now it says that so we can take care of some of the larger vehicles. Do we farm that out to the private sector right now? What are the potential savings for bringing that in-house? This is at the workshop level. It doesn't have anything to do with the \$600,000. Thanks.

Chair Lindsay asked, are there any other questions?

Councilor Williams stated, I remember my absentmindedness. Do we have any other cities near us that are doing outsourcing for their fleet?

Finance Director Meredith stated, I'm not sure what you mean by near us but I know that for a while Medford was outsourcing a lot of their Public Safety work. We typically see the bulk of the maintenance for a commercial operation the size of the City of Grants Pass or larger is usually often internal. In fact, the Fleet audit we had back in the fall of 2012 when we received that report that was one of their very firm recommendations was never outsource the ongoing maintenance. Now special repairs or major complex engine work is often outsourced so there are certain things like painting and collision type work that is always outsourced that is not something we do internally. But the regular ongoing maintenance is the core of what our Fleet department does. Our Fleet department is not a repair department it's a maintenance department and so that's what our core job is in Fleet and most of that, including everything from the largest fire vehicles down to some of the smaller vehicles, is internal. There is very little maintenance that we outsource.

Councilor Williams asked, so what you're saying is oil and grease?

Finance Director Meredith stated, that's a large part of it.

Chair Lindsay asked, are there any other questions? Ok Aaron, go on.

City Manager Cubic stated, LB XX03 Gazebo Replacement Lawnridge Park and Redwood Park - page 206 of your capital book – funding of \$50,000 from transient room tax. This is to replace one gazebo and to install another at Redwood Park per the park plan. Estimated total project cost of \$50,000.

Chair Lindsay asked, any questions?

Councilor DeYoung asked, is that \$50,000 for two gazebos? You have one at Lawnridge Park and one at Redwood Park?

PCD Director Black stated, that's \$25,000 per. So the gazebo at Lawnridge is a replacement and the one at Redwood is a new one.

Councilor DeYoung asked, so that's all covered within the \$50,000?

PCD Director Black stated, yes.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, Reinhardt Park Irrigation System Conversion. This is looking at funding of \$5000 general fund and \$60,000 transient room tax and \$5000 Park SDCs to create a new watering system for the park. The existing river pump has many challenges and we have gone through I think two pumps in a year. We are having some major issues with the irrigation system out there which is costing us some larger repair and maintenance costs. Total estimated project cost actually is \$150,000. It is over a two-year period and this will be evaluated with the design process. Again, we are at the initial stages but we need to try to budget something for it. We believe we do need to make some changes because at two pumps a year that gets pretty expensive.

Chair Lindsay asked, any questions?

Councilor Riker asked, Aaron what is the estimated water bill since the park will have to pay the City water and I was wondering what the total cost of that would be?

PCD Director Black stated, well we haven't got to that point yet because first of all we would like to evaluate all of the different options that we have. One of the options could be to stick with the pump system and just get a better pump because we have the right to use the river water so we haven't estimated out that far yet. In fact, we don't even have an estimate on the construction cost for laying pipe and all those kinds of things. If the budget is approved then we would move forward with the evaluation and we would come back to the Council with the proposal and everything. That would be one of the things that would have to be considered as an ongoing charge for the water.

City Manager Cubic stated, we would take a look at that when we took a look at the total cost. Ultimately if we can figure out a pump system and spend some time on it what we're doing now is not working. We do need some help to assist us in figuring out what is going to be the best pump if we can continue to go through the river. Of course if that could work whatever is going to be most cost efficient. If we could find the right pump and the right system then that may be the best look in the long run.

Councilor Williams stated, you must have some idea of the cost of what the water is going to be. \$10,000, \$20,000, \$50,000 a year? You're going to charge yourselves, it's left pocket to right pocket. How much water do they use?

PCD Director Black stated, I don't have an estimate right now.

City Manager Cubic stated, we have not looked that far into it yet.

Councilor Williams stated, I will say that probably some of your neighbors over there will be very happy to get rid of that screaming pump. It's not a quiet pump. That would be a godsend. You would get a big kiss I'm sure, but not from me.

PCD Director Black stated, I don't want a kiss especially from the person I know you're talking about. The fact is that it's one of the considerations. We have had many complaints over the years of the noise because it does run at night. If the pump goes out when it goes out every year it only takes two days before the fields turn brown. I mean it's very quick because you know how dry and hot it is here.

Councilor Williams stated, most of those costs appear is the SDC fees.

PCD Director Black stated, and we will be getting into the SDC fees with the City Council because they're actually is one water line going into the property right now that we haven't really gotten into it yet so there might actually already be some credits there. But SDCs are definitely going to be coming due on this.

Councilor Riker asked, Michael will that evaluation also include looking into actually drilling a well and seeing what the production of the well would be because we basically have clean water and probably would not have the pump failures?

PCD Director Black stated, right we need to look at all the options and the \$5000 from the general fund was specifically to look at all the options.

Councilor DeYoung stated, I am looking at \$110,000 out of the transient tax. Just so I don't have to look it up, what kind of revenue do we have in the transient room tax?

PCD Director Black stated, it gets split up through a number of different departments so Tourism and Parks and I can't remember exactly right now what we're getting. I want to say \$150,000 per year into this part of the Parks but maybe Jay knows more. That's a small portion of the entire transient room tax.

Councilor DeYoung asked, so the Parks portion is around \$150,000 give or take?

PCD Director Black stated, yes give or take. I will say this as well if I can say one more thing. A good portion of the cost of this is the SDCs that we're estimating. When it comes time to talk about that the construction we're looking at is about half the cost and the SDCs are about half the cost so just for your information.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, this is a new project Alternative Fueling Facility Design and Implementation - page 208 - funding would come from \$100,000 from the SDP/CMAC Transportation dollars with additional partner contributions of \$12,000. It would be a project where we would partner with Josephine County, a local refuse hauler, the school district, and Avista to design an alternative fuel facility that could lower the ongoing costs for fuel for local, commercial, and public fleets. It would be a real win for everyone involved. This has been brought forward through the Middle Rogue Metropolitan Planning Organization process. It is on one of their projects for funding so we would be utilizing those dollars to do the study.

Chair Lindsay asked, any questions?

Committee Member Morin asked, so is this to develop a location to fuel alternate vehicles?

City Manager Cubic stated, yes and it would be a location and a station that can service not only our needs but the other needs of the community.

Committee Member Morin asked, do we have any vehicles right now that use alternate fuel or that could be fueled by that or would we then have to purchase those?

City Manager Cubic stated, I will have Jay answer that question since he is in charge of Fleet.

Finance Director Meredith stated, the only alternative fueled vehicles we have right now are hybrids and we have, I think, one electric vehicle in the Parks fleet but we don't have any that would serve the needs that this project would provide for such as CNG or LPG. That's basically what this is going to do is determine and look at the City's fleet, the County fleet, the County bus fleet, and maybe even the refuse haulers, and potentially School District 7. It's got to be fleets primarily that operate here in the Grants Pass area to be able to use these dollars. It's going to look at those fleets and see if there is a possibility of converting those over time in the future and if so what's the best alternative fuel source for those fleets and it could be multiple it could be more than just one. At a minimum we hope that this will result in a design for a semi-private use. Semi-private meaning those partner agencies that are participating in this project could use it. We are not sure yet if it's going to be available to the public. That will be reviewed during this project. At a minimum it's going to be a semi-private that the City and major commercial fleets that are partnering in this project would be able to use.

Committee Member Morin asked, is it part of this allocation to study and determine what the eventual cost savings in fuel and Fleet costs would result in and if it would be a good ROI on that?

Finance Director Meredith stated, yes so different fuel sources have different long-term benefits. So CNG right now is much more expensive to put the CNG facilities in and to do the conversions but it's a cheaper fuel source so the study and design is going to look at and obviously make sure that it's economically feasible to do long-term before we would pull the trigger on construction or conversion of the newer vehicles. There are some vehicles that come through Grants Pass that use these types of fuels but there aren't really any of these facilities here locally or any local fleets that use them. There are some down in the Medford area but not in Grants Pass yet.

Councilor DeYoung stated, the report shows that to make a partial transition to alternative fuel source. Do you have any idea what percentage of our fleet would be covered by this? The \$112,000?

Finance Director Meredith stated, we are going to look at the entire fleet and at the end it might say that it only makes sense to convert 50% of your fleet. We are going to look at the entire

fleet to see if there's any possibility for all of our fleet not just part of it. We don't know what the end result is going to be at this point. Certain vehicles like the County's bus fleet for example there's a high potential that over the long-term all of the County's bus fleet could be converted but City and County have a large variety of vehicles and they're not all going to make sense to convert.

Councilor DeYoung asked, what are the odds or is there a pretty good chance of getting the CMAC grant from the NPO?

Finance Director Meredith stated, actually the NPO's Technical Advisory Committee has approved to move forward with this using STP (Surface Transportation) dollars for the design portion and the odds of getting CMAC allocations or another type of grant source for the actual building of the facility and maybe even the conversion costs I think are very high. From the federal government down to the state level there a lot of initiatives going on right now to help incentivize the conversion of vehicles.

Councilor Riker asked, would the evaluation also include other cities, because I believe the City of Medford has CNG buses, to find out what their real world experience is and the pluses and minuses of such a project?

Finance Director Meredith stated, the consultant that would come in to actually do this would certainly look at how these types of facilities are being used with other commercial fleets. We're not necessarily going to look at Medford. Medford is actually a great example of a community that has successfully done this already so we might look at Medford. Our commercial needs aren't that different from public to private than any major commercial facility and so they're going to look at what technologies are available and what conversions are available for manufacturers. They're going to look at us and are not going to base our efforts on what we need to do based on what other cities do. They're going to base their study and what's right for us. I have actually heard that there's a county in Oregon that has recently moved to LPG for their police vehicles, the sheriff patrol vehicles, but it's a recent thing and we don't know whether that is successful or not. The major types of vehicles that we operate in Public Safety is probably going to be looked at independently from some of our other commercial vehicles just based on the type of use and the size limitations of those vehicles. The larger commercial vehicles are going to be looked at very differently than some of the smaller police vehicles.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, this is a new project - Downtown Parking Study. We have put aside and looking at budgeting \$50,000 from the general fund to develop a comprehensive parking management plan for the downtown. Recently City Council developed a Parking Task Force and that's one of the things that was of interest for them to consider. Council forwarded this along with a number of other options for them to consider a move forward with recommendations. It is budgeted to be able to provide them an opportunity with doing a study to assess with the parking needs of our downtown.

Councilor DeYoung asked, could you tell us the parameters of downtown or is that just the central business district?

City Manager Cubic stated, currently right now we're having a number of discussions so it hasn't been defined what the parking study would be. The parking study, I believe from the conversations they have had, would be more than just the central business district. Although, there are certain areas within the district which are considered the hotspots where they're having issues and where they don't seem to be having other issues inside the central business district. However, there has been general discussion by some of those task force members that have concern. I want to make sure that we're doing well in other parts of the area besides just the central business district.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, new project - page 210 – LB XX 07 which is a joint Economic Development strategic plan. What's proposed here is that the City would utilize \$75,000 out of the general fund with the addition of \$75,000 to come from Josephine County as a County contribution to enter into a contract for up to \$150,000 to partner and develop a comprehensive Economic Development plan for our region. Our region meaning the Josephine County region where both parties, both the County and the City, would have specific strategic actions to do within their own jurisdiction but also there would be a focus on joint partnership with the regional approach and there would be recommendations for both parties to work on things together also. This would be slated to do in fiscal year 2015.

Chair Lindsay asked, any questions?

Councilor Webber asked, Aaron, have we received a firm commitment from Josephine County on that? Have they actually put that into their budget or is that a hope on our part at this point?

City Manager Cubic stated, I haven't gotten confirmation that it's in their budget yet but I have had some discussions. We had a joint workshop two weeks ago on this and we had some interest and the Board of Commissioners seemed to continue their interest in this. I think ultimately what we will do is there is going to be a joint meeting on the first June for Council and the Board of Commissioners to take a look at the RFP and potentially approve the RFP. Besides having just a draft RFP I will have a draft memorandum of understanding where both parties can enter into so there will be a definite agreement of what actions will take place and what financial obligation each party would have.

Committee Member Leagjeld asked, when does the agreement with SOREDI expire? Is it not correct that we are spending \$25,000 a year with them with this time?

City Manager Cubic stated, we do have a partnership with SOREDI and that's one of the things that we would take a look at in the strategic planning process. SOREDI is in essence a regional approach to bringing in business in the Southern Oregon region and we are a partner along with Josephine County along with Jackson County and members and municipalities within Jackson County. So it is a regional approach and we do utilize resources on that. SOREDI, the concept, the benefit, coming from that, would be addressed and looked at through the strategic planning process both from a City standpoint and benefit and from a County standpoint and benefit.

Committee Member Leagjeld stated, the answer I was seeking is when the contract expires. I understand the ramifications very well for what you're talking about.

City Manager Cubic stated, I don't have that date on when the contract expires I could bring that back at a future budget committee meeting.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, new project – LB XX 08 Mountain Bike Park Improvement - page 211 - funding \$50,000 from transient room tax and future funding also from restrictive transient room taxes resources. It's to further develop a trail and mountain bike area on 20 acres of City-owned property at the base of the southern Starlite Drive location. Total estimated project cost \$250,000. Future/ongoing costs - Park maintenance will increase but will be less than comparative maintenance of a traditional park. It's to develop the mountain bike park improvement.

Chair Lindsay asked, any questions?

Councilor DeYoung asked, is this the property up there we looked at one time to sell to that global water tower?

PCD Director Black stated, no it's really similar to that but it's a different property. That's the Woodson property and this is we have been calling it Mountain Bike Hill. It's a user-created park basically. The users have gone in there and created mountain bike routes through there. It is right at the base of Starlite as you're going up Starlite on the very southern end of Starlite. When you get almost to the top and you make that sharpest turn up there right below that is 20 acres going down to Sunset and that's where it is.

Councilor DeYoung asked, is it too steep to build on and develop?

PCD Director Black stated, yes it's way too steep to build on and in fact it's way too steep for most of us to mountain bike on to tell you the truth. This \$50,000 would take it from a user park for just these few users and make it a little bit safer and put some standards into it. Quite honestly the money, the \$50,000, is just for equipment. Most of the work on something like that, especially this one, will be done by the same users.

Councilor DeYoung asked, so the \$50,000 isn't an annual it's just a one shot deal to get it going?

PCD Director Black stated, no I'd like to do it a few more times. The master plan has the development of this thing at around \$1 million. I think it's more like \$250,000 so that's the total I

will spend on this park is \$250,000. \$50,000 this year, \$50,000 next year, and then we will hold and see if there's anything else that needs to be done in the future.

Councilor DeYoung stated, I'm going to bring this up more than one time. Is there any chance of getting a payment back from River Road Reserve to use on this so we're not using another transient tax? I'm going to ask it all the way through this thing. I'm going to ask you about the River Road Reserve and the money though back to the general fund on it.

PCD Director Black stated, I don't know. That predates me –

Councilor DeYoung stated, not in the form of the motion but just be thinking about that.

PCD Director Black stated, River Road Reserve right now is not a park property it's a reserve property that's managed by the Property Management arm of the City. All that is right now is just being contracted out to the farmer out there.

City Manager Cubic stated, that's being managed by Administration.

Councilor DeYoung stated, thank you.

Councilor Williams stated, first of all you have got to remember to say that's before my time. I would like to see us concentrate on soccer and maybe not branch out too much. Let the boys play on the mountain and hurt themselves because we have a soccer star in our own midst, see I'm kissing up now. I've been to a lot of big cities and it seems like they have everything. They have mountain bikes, they have it all, and I like to see us find and get something that we can really be proud of and not spread out so much.

PCD Director Black stated, and just to answer that really quick I like to focus on big things too. That project right now has been dedicated and \$125,000 is dedicated to the soccer project right now and that is just for design. We are not even to a point where we know what the cost to construct it is. Now aside from that \$125,000 in design we are spending time and energy and money out of the SDC fees for property acquisition to acquire more property for soccer fields right now. As far as I am concerned this is just keeping the current system, that already exists and has been shown through use that it is desirable, just to bring it up to another standard. Bring it up to a little bit better standard but definitely not Taj Mahal standard.

Councilor Williams stated, I also understand we have soccer fields at the hop yards, that was before your time, but that was the big mistake and so we still have to go back and try and think about what we can do with the dollars we've got. I understand you're trying to do something for mountain bikes but I would like to see something take place instead of the money being thrown over the shoulder.

PCD Director Black stated, and I would say that we are doing something. I mean in my opinion I think we're doing a lot for soccer right now. We are working really hard trying to figure that out and when it comes down to building it we're talking probably between \$6-\$10 million. So were talking a big chunk of change that's going to be coming from other places other than transient room tax and general fund.

Mayor Fowler stated, just a reminder that the City is not planning on developing that park alone. That is a private-public partnership so that 6.9 those numbers when they get out there sometimes scare me.

PCD Director Black stated, like I stated, not from general fund or from transient room taxes. It would take us the future of transient room taxes forever to finance this. The idea has been all along that it would be a private-public partnership.

Councilor Webber stated, so where we're talking about with those bike trails you can see them off of Starlite there and it looks like some of them encroach upon private property. Has there been any issues there if you're talking the first corner when you get to the top and then there's another little corner and there's even some numbers and a for sale sign tacked onto a tree that looks 100 years old but there's trails right in there. Do we have encroachment issues?

PCD Director Black stated, if there are encroachment issues we haven't tackled them yet. I had somebody go out there recently, well last year actually when we first started talking about this, and ride all of the trails with their Garmin on so that we could survey where all the trails are. We haven't developed any but through this process if there are any private property encroachment issues we would take care of those. We're not planning on acquiring any more property up there or even asking anybody for use of their property up there.

Committee Member Leagjeld asked, have you looked at the possibility of what is not quite a true trail but maybe it is from B Street to (inaudible) Street. That's about as nice of an area as you can have for mountain biking and hiking and it makes a lot more sense to do the peripheral. You've got BLM, County, and City. Take the property down below that you're talking about developing and sell that enough to fund to make a nice trail across there that would be very useful.

PCD Director Black stated, it has been considered to sell this property and there just isn't a lot of interest in the property and the property is developed already with these trails. It's been proven a useful park already. We have users who have gone out and spent their own time and energy and money in some cases to develop this thing. By funding it now we're going to prevent some of the problems we're going to have in the future because oil drums show up out there to make jumps out of. That's a big problem for us because we own the property and we could end up with environmental issues out there. So the start of this project would be us stepping on the property and saying okay everything from now on goes through us but you guys are the base but we're going to take more responsibility in this for environmental issues, damage control, fire issues, and as far as insurance goes and everything on my property, liability that's the word.

Councilor Riker stated, Michael I don't have any problem with the \$50,000 we're talking about but when we start talking about a \$250,000... You indicated and I think the idea of mountain bike trails is fine but you said the slope happens to be rather extreme and could be for exclusives only. How exclusive is it and if it is only for half a dozen people and we're looking at spending that kind of money?

PCD Director Black stated, all right now I would say for just a few hundred people. By going in there and being more involved we're going to open it up to all levels of mountain bikers from little kids all the way up to professionals. Granted this is a 20 acre parcel so this is a skills building area it's never going to be used for racing or things like that. These are short runs where you learn and build your skills as you're going down and practicing these jumps. At the bottom where it's flat we will have a little skills area where little guys can just get up and do little tiny things. So it would be all levels. As far as the \$250,000 the only reason a number like that would even come out is, and remember it was \$1 million in the master plan, but \$250,000 because we own a lot on Sunset and eventually we'd like to take that and make parking there

so that parking isn't always on the street on Sunset. That's probably one of the bigger cost items that we're talking about in here.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, next project is a new project – LB XX09 Loveless Park Improvement. We're looking at \$115,000 in transient room tax dollars to provide various improvements to the park, create a restroom, curb and gutter, pump track dealing with bikes, and other general park improvements. Total estimated potential cost of \$200,000. Future and ongoing costs are a rough estimate of \$5000 for additional maintenance cost per year after the construction of this. This is a great, I believe, underutilized park within our city that is not the best park to look at. It's got some real benefits and positive things and it has the ability to be a wonderful place up there.

Chair Lindsay asked, any questions?

Councilor DeYoung stated, okay were up to \$275,000 out of room tax. Are we still within available money through room tax?

PCD Director Black stated, we are because there are projects that didn't happen that are refunded back into this year's budget so it's not all coming from this year's collection of transient room tax.

Councilor DeYoung asked, so there was some carryover?

PCD Director Black stated, yes there was some carryover.

Councilor DeYoung stated, I am probably jumping ahead of myself here but what about Tussing Park's bathroom?

PCD Director Black stated, Tussing Park's bathroom is in here.

Councilor DeYoung stated, okay thank you.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, page 213 – LB XX10 - this is for DDA and Advanced Finance District Evaluation and Cleanup. This is a real positive thing also for the community and for us internally. We are looking for \$50,000 from the general fund. The City has recorded liens against thousands of properties for deferred development agreements and advanced finance districts and reimbursement districts. The project staff would evaluate if these methods are the best practices for collecting funds for public improvements and make recommendations. Lien releases would be recorded with the County as necessary to clear titles of properties with satisfied agreements. We try to clean up some of these issues that we are finding as properties get transferred and sold.

Councilor Williams stated, I definitely want to champion this because this is a mess. It is absolutely unholy and it is unethical and it is just a mess in some areas. It needs to be taken care of and I am in favor of going to the possible fee in favor of lien because people pay their money and then they find out 35 years later that the thing has gone through the roof and then they have to pay the big bucks. The City has to take the responsibility on somewhere and get the money that they can get then and then decide what they're going to do with it in the future. Is that correct is that the way?

City Manager Cubic stated, yes, I mean just to give you a for instance, the deferred development agreement that you were talking about with some of those you had to pay in advance. Here's what is going to cost to put in a sidewalk, your driveway approach, etc. We'd have them give us \$3500 now and defer that development because we are not ready yet. It is not connected to anything else. We will just sort of set that aside and bank it for you. Maybe 20 years down the road we decide, the City decides, now there's enough linkage we are going to have that come through. The way it's written in some of these DDAs is it is written to where it's really protective of the City, which is great, but is it fair to that person because then that \$3500 that they put away 20 years ago that project might now be \$10,000. Now they're expected to come up with the additional money that the interest and stuff hasn't accumulated. It's something that needs to be cleaned up. I think it's really going to be a benefit not only to staff and managing and administering these but also I think from a constituent side this is going to be a real win once we get this cleaned up.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, LB XX11 - this is general fund of \$25,000 for annexation. This project proposes to annex approximately 377 tax lots totaling 212 acres of land into the city based upon a 2007 annexation analysis. The annexation would be subject to approval of the City electors, on the November 4, 2014 ballot. This is Council's number one priority.

Chair Lindsay asked, any questions?

Councilor Williams asked, on your project that you had up here about the in lieu of taxes fees and in lieu of taxes what would you estimate that this will dip into that and then it will become taxes?

City Manager Cubic stated, yes it actually will create some additional revenues but there are some of those properties that are already paying due to the service and annexation agreement. One of the benefits of some of the annexation is we would get additional State shared revenue dollars which we can account for because they are not in the city population. From a standpoint of revenue it might be a secondary benefit. It's really from a benefit of 1) being able to allow those people that have those services and annexation agreements to be able to vote and, 2) it provides an opportunity for us to maybe get rid of some of that quilt work pattern that we have out there and clean some of that up from a service delivery standpoint and make it more efficient and effective.

Councilor Williams stated, I am asking is this half of that fee in lieu of taxes or only 2%?

PCD Director Black stated, the group that's going to be annexed, if we go forward with what's been proposed, about a quarter to a third are already paying the fee in lieu of taxes so that would be about a quarter to a third would just be money that were already getting. It would also go to the State revenue sharing and all that kind of stuff which we are not getting right now.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, next is a new project – LB XX12 - E and F Street Landscaping. This is one that came up with a higher priority through the strategic planning process. It's slated for

\$25,000 in general funds. The City has been interested in creating a welcome feature and improving the aesthetics of the area of E and F Streets where they converge. This sometimes is lovingly called the weed patch. The project will help develop and install some kind of entryway feature and welcoming-type feature. This is something that really was a community priority. There are a number of different groups and agencies that have had interest in this patch and they are really interested in trying to collaboratively work on improving the site with the addition of some City resources.

Chair Lindsay asked, any questions?

Committee Member Leagjeld asked, we're going to dress up that triangle I suspect which is what you're talking about there?

City Manager Cubic stated, yes it's the triangle.

Committee Member Leagjeld stated, so the question comes back that I used to ask Laurel all the time. When are we going to and why don't we keep the Parkway clean of weeds etc.? That looks terrible out there. So you have a terrible looking thing coming into town and then they get this nice sign after they get there. It makes sense to get something going for the state too to get their...I guess my bottom question would be is it the State's responsibility for the meridian on the Parkway or is it the City?

City Manager Cubic stated, if we're talking about the same place the meridian there and some of that that is either not watered or not maintained that is State maintained. That is under State authority and that creates some difficulty with how it is maintained.

Chair Lindsay stated, I have a question. This 425,000 is that strictly all of the money or are other agencies and organizations going to be contributing to the project as well?

City Manager Cubic stated, well other organizations are going to be contributing definitely when it comes to actual labor and potentially donations of maybe some kind of art feature or something along those lines. There are going to be some of those things. We're not aware of any hard dollars that someone is going to also be contributing to this to start the project.

Councilor DeYoung stated, I believe at goal setting that the Urban Tree Committee asked for \$5000 to do all the design work for their layout and whatnot. I wonder where the \$25,000 came from. Did COPA come up and want an additional \$25,000 on top of that? Those two committees, by the way, are supposedly going to work together on this so we'll see how that works out. It's a good thing if the trees and the artists can get long it's going to be awesome. I'm just wondering where it went from \$5000 worth of engineering and where the sprinklers go and everything else to \$25,000?

City Manager Cubic stated, well I know part of the project did include that type of work to be done but also there has been talk from COPA and other things about having some kind of feature associated with that also besides just landscaping or art-scaping being done there. So it provides the flexibility to make something.

Councilor DeYoung asked, so the \$25,000 isn't going to include the feature? Or is this to study the feature and design the feature.

City Manager Cubic stated, it's not to study the feature this is what we have budgeted to make something, to make the weed patch no longer be called a weed patch but something that's welcoming and inviting to the visitors and citizens of Grants Pass.

Councilor DeYoung stated, welcome to the weed patch. Okay thanks.

Chair Lindsay asked, any other questions?

Committee Member Brandes asked, so is this going to be where we're going to build it but then theoretically they're going to say it's part of the State highway and they're going to be the ones that are going to want to maintain it poorly as they have the Parkway?

City Manager Cubic stated, no we would be responsible. The City will be responsible for the ongoing maintenance of that so it will be maintained properly.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, new project – LB XX13 Spalding Industrial Park Development. This is an interesting concept and project that we need to prepare to budget for when it comes to fruition. Up to \$3 million in State Infrastructure Finance Authority loans are available to the City. This is a unique pilot project that the State wanted to do with the City. It's meant to spend money on design and construction of a new sewage pump force main and trunk mains necessary to serve the Spalding Industrial Park which was recently designated as a regionally significant industrial area under the provision of Senate Bill 766 approved by the legislature in 2011. This designation enables the City to access unique funding options to install infrastructure critical to spur economic development. Part of this is a patient loan process where the monies would not be needed to be paid back over a certain amount of time and then they'll be paid back. Then also there's a forgiveness associated with this where if businesses come in once this infrastructure is in place and locate in that industrial area then monies will be taken off of that ultimate loan whatever it is up to \$3 million.

Councilor Riker stated, Aaron I believe there's a section out there also that includes residential land that would be below grade that would require their own septic. Now I believe that would require sewage pumps. Would that be part of this project?

City Manager Cubic stated, you know the focus is on industrial. We haven't done the study so I don't know if it includes the residential lots. This is specifically for industrial. The monies are all for industrial development not residential. Ultimately what we're looking at is not looking at the City being on the hook for \$3 million. This is going to require a partnership with the land owners themselves. The City has the ability to help finance this in a unique way if it's a public-private partnership and the private land owner is willing to take on financial responsibility of paying off that loan and helping develop their property.

Councilor Riker asked, so that public-private partnership will that also include maintenance of the actual pump because they're notorious for failing? I didn't know whether they would be a participant in that.

City Manager Cubic stated, that's a good question. Usually the way the system works...I'm not sure if Terry is in here? Yes there he is. He can answer part of this too. When infrastructure comes in and it's developed within the city and let's say it needs a pump, because it's either above or below grade or whatever and you need a pump for either water or sewer, the cost and

the burden of that cost for putting that infrastructure in is on the developer. Then once it's developed to City standards it's up to the City to maintain that because then it becomes public infrastructure.

Councilor Williams asked, the original loan was 1%, correct? It was to the private owner? Spalding was going to pay the entire loan and then the 1%?

City Manager Cubic stated, there's ways you can do that like for instance form a local improvement district with their properties being in the district to seek so you can assess that to the properties to pay back that loan.

Councilor Williams asked, but who gets, I thought -

City Manager Cubic stated, the City is ultimately the one who gets the loan.

Councilor Williams asked, but who's responsible for paying back the loan because all we're doing is improving his property?

City Manager Cubic stated, that's why it's important that it's a public-private partnership. The City is helping development by taking advantage of a unique opportunity that's afforded to the City because we have created regionally significant industrial land. So we have an opportunity to come up with some creative financing that will also have patient capital associated with it and also have loan forgiveness if jobs are created on those properties where the private property owner themselves would not have this opportunity. I suppose the City could do this and be on the hook for the \$3 million all by themselves and actually put that infrastructure in there but it's the intent to be a public-private partnership in that ultimately we are bettering and making marketable the land that Spalding owns in that industrial site.

Councilor Williams stated, but there's no difference in saying we're on the hook for all of it the way this states right here. I thought Spalding was going to be completely on the hook for the 1% loan that they were paying for that was going into their property, the pump and all. I thought that was the original agreement that he was paying for it and if that's the case that makes the proof in the pudding a lot better for the City and it doesn't state that in here that shows that we're going to pay the \$3 million or \$2.5 million.

City Manager Cubic stated, well in the budget it is showing that it has to go through the City but we have not come up with any kind of formal agreements. We are not at that level at this point. We are at the level where we need to budget for that because we have the ability to get that money but we are not under any obligation at this time.

Councilor Williams stated, thank you.

Councilor DeYoung asked, in sizing this thing and in scoping it at \$3.5 million did that include...you know we have an H1 over there that's either in or out of the UGB and we still haven't decided that. Spalding owns a section of that addition into the UGB. Are we taking that into consideration when were scoping this at \$3.5 million or just the existing property that's inside the city right now?

City Manager Cubic stated, let me refer to Terry he might be more familiar with what was originally scoped in that project or Dave.

Assistant City Manager Reeves stated, the amount that we put into this project at the \$3.5 million is the maximum amount that the patient capital loan was willing to participate in. So it really hasn't got to a scoping amount yet. We can't say whether this would or would not serve a potential H1 or not because it hasn't been scoped out yet.

Councilor DeYoung asked, this is just what's available?

Assistant City Manager Reeves stated, that's what's available with this loan program.

Councilor DeYoung asked, we're going to get as big of a pump as \$3.5 million will buy?

Assistant City Manager Reeves stated, let's say it ends up being that we need a \$6 million pump. We're going to have to find a way to put the rest of the project together using other resources.

Councilor DeYoung stated, okay.

Committee Member Leagjeld asked, who makes the financial assessment and decision as far as the loan is concerned and then in the giveback situation does that come out of the City's pocket or the State's pocket?

Assistant City Manager Reeves I think I will just stand up here until all these questions are answered. I have the closest ties to the State right now. Other people who helped with this project are either not here tonight or moved on. The resource has been made available by the State for the Economic Development program. The State legislature made this money available. We have done everything to qualify for it. What has not been discussed either at the Council level or with the developer or anybody else is where the resources will come from to repay the loan. The City could choose and the Council could say yes we will be responsible and we will set up a deferred finance district. We could set up an advanced finance district and by we I mean the City could make these choices. Initially the discussion was that the developer and we will be having those discussions with the developer. The developer would have a high-level responsibility for paying this back. So a local improvement district is an excellent means for making sure that the developer pays back his share. The ability to pay that back and the mechanism to get the resources to make that payback have not been discussed.

Committee Member Leagjeld asked, who makes the financial decision on the project? Someone comes in and XYZ Corp says we want to go on your program. Instead of just saying we'll give them the money, somebody has got to analyze them and be responsible for -

Assistant City Manager Reeves stated, this will be a City project. The City will design it, scope it, and be using the information provided including or not including H1. That will be part of the master planning that goes on.

Committee member Leagjeld asked, the City is going to act as the loan officer then is what you are telling me?

Assistant City Manager Reeves stated, yes.

Committee Member Leagjeld asked, then who does the giveback the State or the City?

Assistant City Manager Reeves stated, when the project is finished and designed up to \$3.5 million we would then make applications to the State saying this project is ready to go and they are going to say ask how it will be paid back. They're not going to give us the money until they know that. At that point the Council is going to have to decide what mechanism they're going to use to get the resources to pay back the loan. Once the decision is made then we will ask for the money and it will become a capital project to construct and build the sewer system and the lift station and the collectors to make that area serviceable.

Councilor Williams stated, at \$3.5 million, the way I figure this 84 acres and I don't know who owns the 84 acres, it's a very viable project because it raises the cost of the land basically less than \$1 per square foot and most anyone would be willing to pay \$1 - \$43,560 more per acre to get sewer and water. It's a very good numbered out project but I was just hoping because I thought the landowner is better capable to take care of his own money that he would be paying it back because he certainly would be able to get more than \$1 per square foot more for it.

Assistant City Manager Reeves stated, and that's a discussion that has to be held.

Councilor Riker stated, Jim answered my question.

Councilor DeYoung stated, using Jim's calculation, and that's assuming it costs \$3.5 million, we may get down to it and this thing could be \$10 million. Right now it's a bargain at \$3.5 million but if that's all it costs. When they get down to it Jumping Jones Creek is something that could be way more than that.

Councilor Williams stated, depends on how fancy of an engineer you get.

Chair Lindsay asked, any other questions or comments?

City Manager Cubic stated, next project is Municipal Building and Land Fund. We're looking for additional funding for fiscal year 2015 of \$50,000 from the general fund plus \$20,000 from Property Management and \$125,000 from a grant. Funds are set aside for either expansion or necessary upgrades to the City Hall facilities. Near term projects may include an upgrade to the main customer service areas, backup emergency power, HVAC upgrades, and sidewalk repairs. \$125,000 represents close to half the cost estimate of a major HVAC upgrade. Total expansion

needs are really unknown at this point that is not what we're going for is an expansion. This project is to help with...we were going to do a major sidewalk repair around City Hall. That project was tabled. We are looking at re-scoping that and just taking a look at what is really required to make some things happen. We're also looking at doing some general upgrades to the facilities within City Hall such as the way we operate our customer service entrances. We'd like to make it more efficient and effective for our customers to come in and utilize, for instance, Finance, utility billing, and changing a little bit about how we integrate with our customers in the Community Development department.

Chair Lindsay asked, any questions?

Councilor Webber stated, it's not really a question but Dan's semi-retired and he would do the HVAC thing for half price because he's got a lot of time on his hands now.

Councilor Williams asked, is this the Hillcrest fire station again?

City Manager Cubic stated, no this is City Hall.

Councilor Williams stated, thank you.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, so we're looking at Allenwood Park reserve - page 165 - looking for additional funding recommendations for fiscal year 2015 of \$160,000 from Park SDCs. Allocate the SDCs to pay back a portion of the internal borrowing for park reserve property already purchased. The total project cost estimate is \$1.245 million including the past expenditures. No expenditures are budgeted just allocating resources to cover the borrowing.

Committee Member Leagjeld stated, that's not the true or total picture of the amount of land or (inaudible) of loans that are in that area. Jay and I have gone back and forth and I think there's between \$600,000-\$800,000 that still exists in three parcels of land out there. What are you going to do on those parcels of land? Are you going to be building on them before you get them paid off?

PCD Director Black stated, I should've brought my budget book but the budget book represents what's left on these properties with before this year and then with this payment. What we're doing is we're taking all of that SDC credit money that we have to purchase new property and putting that towards paying off the properties that we already have internal loans on. We have two of them, Allenwood Park and Overland Park. We are focusing on putting all of the money on Allenwood right now because that's the one that's most likely to be developed soonest. I don't believe we have any intention of developing on it before it's paid off but I also don't think that it's restricted from being developed on before it's paid off. Jay do you have a number of what we owe on that? I don't believe it's \$800,000.

Finance Director Meredith stated, actually you can see the two amounts both on page 164 and then on page 165. Those are the two park reserve properties, other than River Road Reserve, that have an internal borrowing that they're working to pay off before we allocate SDC resources to additional purchases. The total amount between them is a little bit less at the end of fiscal 2015. The end of next budget year the total amount owing will be less than \$350,000 between the two.

Committee Member Leagjeld stated, I think you're kind of evading my question. Next week I will bring the information off your print (inaudible) –

PCD Director Black stated, I'd like to answer your question –

Committee Member Leagjeld stated, there are three parcels of land. I don't care what its value is going to be in 2015 but how much do we owe today? If we had to pay all three of these loans off, and there are three of them, what would we have to pay?

PCD Director Black stated, the two loans that we have on park reserve property, Overland Park and Allenwood Park, at the end of this coming fiscal year we will owe \$350,000 on those. That's what this allocation of \$160,000 is for. We could say we owe about \$500,000 on those right now. We're taking all of the money from the Parks SDCs land purchase fund and putting it towards the payoff before we buy any more property. We are paying these loans off before we use that money to buy anymore property.

Chair Lindsay asked, any more questions?

City Manager Cubic stated, Food Bank Warehouse - page 175 - additional funding recommendations for fiscal year 2015 of \$734,000 in community contributions and \$1 million in a community development block grant. The construction of a new food bank warehouse and distribution facility at the River Road Reserve property owned by the City. Total project estimate is \$2.3 million. We're looking from a City standpoint of getting that \$1 million CDB grant.

Chair Lindsay asked, any questions? There are other agencies that are contributing to the development of the building is that correct?

City Manager Cubic stated, yes community contributions equal about \$734,000.

Chair Lindsay stated, as I recall I think proceeds from the duck derby go to that, is that correct?

City Manager Cubic stated, I believe that's what's been slated from Rotary.

Chair Lindsay asked, any other questions?

Committee Member Still asked, is there a memo of understanding or an agreement or contract that specifies how the food bank operates and the City operates with regards to this because we are not selling them this property so we are what in essence leasing it to them?

City Manager Cubic stated, we have an agreement and I can't state the specifics but we could get copies of that agreement.

Committee Member Still stated, no I was just curious if it was indeed formalized. If, for example, they had to pull out who is going to get stuck with the clean up of the facility and the premises because basically it's the City's land? Does the agreement formalize those kinds of issues I guess is what I'm asking in kind of a roundabout way of trying to get to what are the City's exposed liabilities with regards to the operating on this property? Do we have a number that we can hang on that?

City Manager Cubic stated, I don't have a number that I can tell you right now.

Assistant City Manager Reeves stated, the Council, with the help of attorneys and so forth, has a formalized long-term lease agreement so there is a long-term lease that specifies responsibilities and liabilities through the entire document. That is a recorded document and we can make it available if you like.

Councilor DeYoung asked, is there some sort of an agreement with the federal government that they have to remain in business in exchange for that \$1,300,000 or \$1 million grant or whatever they're going to get, \$1.5 million? Is there an agreement that says the food bank needs to stay in operation for a minimum of 10 years and if they don't then it needs to be paid back or is it just we are going to give it to you and if you go broke next year you still get it?

City Manager Cubic stated, that is a good question. Most of the community development block grants come with a five-year requirement so after that the obligation is (inaudible).

Chair Lindsay asked, any other questions?

Councilor Gatlin stated, I would just like to state that I was there when the food bank was talking to the City and looking at this as a potential farm and I know for certain that these guys are absolutely committed until their dying breath to see this thing work. They have put their heart and their soul and likewise the community's heart and soul into this project. The Raptor Creek Farm is a success story and they are only looking forward and looking up. They are really having a great impact on the food source in our community through the food bank. The people that are involved in this project are literally sold to the project they are married to the project and I have no doubt in my mind and my heart that these guys will see it to the bitter end. If there was any way at all that the funding ceased and everything came crashing down upon them they would still be out there with the plow and seeds making that thing work. That is just my two cents worth.

Councilor Williams stated, one more. Are we meeting all of the requirements from the County for the EFU building out there and the requirement that the building has to have all of the proceeds come from the land? Has that been taken care of? There are no more hassles with that?

City Manager Cubic stated, that's my understanding.

Councilor Hannum asked, Aaron is this in addition to what we're going to be talking about tomorrow night in our Council meeting about the food bank? Is this something different or is this part of that grant?

City Manager Cubic stated, this is the same grant.

Councilor Hannum asked, so this is the same grant?

City Manager Cubic stated, yes.

Chair Lindsay asked, any other questions?

City Manager Cubic stated, LB 6085 - Code and Plan Updates related to the UGB expansion. We are looking for \$50,000 from the general fund as part of the Urban Growth Boundary expansion work. It will be necessary to update many of the provisions the development code has well as update plans.

Chair Lindsay asked, any questions?

City Manager Cubic stated, LB 6101 - Business Software and E-permitting - page 179 - \$389,600 out of the general fund. The HTE financial software has been used for almost 19 years. That's what we're currently using right now. The software that serves the City's departments is not meeting the City's business needs as I mentioned previously. Support for the existing software is continued but will eventually be phased out and significant efficiencies and future cost savings are available with the new modern system. We have a contract assigned with Tyler Technologies that occurred March of 2014 for full system and implementation of all their modules for document management needs. Total project cost is \$1,099,000. Future and ongoing costs increase in maintenance costs around \$46,000 a year which will however build in system efficiencies that will provide a return on our investment. This is the total replacement of our software from one department to another.

Chair Lindsay asked, any questions?

Councilor DeYoung asked, how are you going to monitor your return on investment? I mean are you guessing there's going to be return on investment or do you have some hard core hours that are going to be saved and so on and so forth that says your return on investment as such and such to be offset? I don't understand how you gauge that?

Finance Director Meredith stated, long before we considered a contract and considered the proposals for this project we actually had a couple some of software vendors including Tyler Technologies come in and give us an estimate. We told them about the pain points and all the manual processes that we have to do today that takes staff time. They came in and said this is going to save you some time in this area and you're going to have to less printing in this area. They came up with a number that was pretty aggressive in our mind. They came up with a long-term return on investment close to \$700,000 per year. It's not unrealistic to think that might be the long-term return on investment because the manual processes that take staff time to do today will be more automated through the system. If we just had 6 to 10 FTE equivalents that could produce that sort of return on investment. We can provide you with that documentation that they provided to us saying here are some ways our system can save money. What we reported to Council throughout this project and before approval if this can save us and if this avoids the need to hire two or three staff members in the future to do any of the administrative duties that we do on a day-to-day basis that alone would provide a return on our investment here. We're pretty confident that we can meet or exceed that but it's going to be very hard to document to the dollar what our return on investment is in this case.

City Manager Cubic stated, there is also return on investment that you really can't put into a cash register or into your bank and that's your return on investment on the additional services that this software will provide to your constituents and how we will be able to provide better services to them and offer more variety of services.

Finance Director Meredith stated, if we continue to do things manually today rather than offer online permitting and some of the efficiencies that come with the system eventually we would need more staff in the future to be able to do that as the city grows and as activity picks back up. That goes for everything from the utilities to external customer service and internal customer service. I could go on for quite a while on all the things that will save us time through automating processes that happen manually today and we can elaborate on that if needed. We

think anywhere from \$200,000 per year up to \$700,000 per year is the staff time savings that we will see as a result of this project.

Committee Member Morin stated, I work with software as well and I have seen a lot of ROIs when a new system is installed. Quite often a lot of the ROIs are tied to either reduction in staff or reduction in the need to increase staff down the road. Are we thinking that this new system is going to translate into a reduction of staff from current levels or reduction in the need to hire additional staff down the road?

Finance Director Meredith stated, yes we can state confidently and what we have stated when we have talked about this with the City Council is we don't anticipate a direct reduction in staff after this system is implemented. There is a potential for a change in staffing after we get to see what the true operating conditions are but we don't have any planned reductions in staff as a result of this project. We can confidently say that this will reduce the need to hire additional staff in the future.

Committee Member Still asked, will there be any training cost involved? Obviously you're not going to put in the system tomorrow and it's going to be running efficiently the day after tomorrow. Your people are going to have to be trained in how to use it I presume. Do we have any idea how long a process that will take? Is it very similar to what you currently have so that's going to be a minimal expense?

Finance Director Meredith stated, the cost of training, the cost of implementation, the cost of software, and the cost of hardware is all built into your estimated project cost that you see up on the screen now. That is part of the contract that we signed with Tyler Technologies. Tyler Technologies will do some training for us and then at some point the people that have been trained to use the system will then be the trainer. They will come in and do some citywide trainings but they will also make certain City staff members responsible to help train staff as well. There's some external built into this contract and some internal that will happen as well. This is about a 2 1/2 year project from start to finish. The public will start seeing the fruits of some of the system next summer when we roll out E-permitting for the development community and then utility billing will come within a year after that. We have to build the core of the system in the next year including in the community development and financial budgeting. In our budget process next year you will see a series of reports that instead of produced from our old system

will actually come from the new system. The backbone of the system, budgeting the financials chart of accounts, happens first so this is actually our last budget process using our old HTE system. Next year you will see brand-new reports that are produced from the new system.

Committee Member Leagjeld stated, with all the news that's gone on in the last year plus recently the \$78,000 with the State, and I know you know where I'm going with this, our CAD system. What have we done to protect ourselves? This seems like a virus that everybody has. They get an idea and they hook up with a purveyor and they get the best one stated and lo and behold here comes a new release and no one's covered it in the agreement and so somebody has to pay for it. What have we done from a policy or procedural business to format how we set the contract with these people to protect ourselves from just getting screwed over royally?

Finance Director Meredith stated, I could speak for quite a while as this project is obviously very near and dear to my heart and my department and our project manager is actually in the audience as well, one of our project managers. Tyler Technologies, just for the benefit of the Budget Committee that may not have seen the Council presentation when this was happening, is the largest provider of municipal software throughout the whole country. They have an excess of 10,000 municipal clients including school districts, cities, counties, and special districts. Just this software alone, which is the modern version of the municipal software, has already been implemented in over 1300 of those municipalities so this is their main system now and they have an evergreen development philosophy. When they roll out a new version ongoing maintenance covers the versions so we will never have to pay more for a new version. That's covered in our annual maintenance costs that we pay to use the software so part of that helps pay for development and so this system we're not re-creating any wheels here. Some technology projects that have had complications that you may have seen in the news a lot of those are new processes and new systems. What we're doing here is we're using a system that is the most used system throughout the country and our processes here are not that unique to Grants Pass. Similar processes happen in municipalities across the country so this is a well tested project and a vendor with more than 30 years of history of serving just municipalities. This is all they do is serve municipalities with financial and enterprise resource systems. This is a comprehensive system that serves all municipality needs. The contract itself is a very long legal contract as you might expect in excess of 30 pages long explaining their responsibilities and the City's responsibilities. We think, based on the vendor's history and being used in other

municipalities, we are very pleased with the end result and how it meets the City's unique business needs. Our project manager can also elaborate on that.

Tammy Canady, Project Manager stated, in terms of what the City has done I wanted to expand on that. Within the contract it specifies what version we will roll out so if they have a newer version that they are working on they can't come in and go here we're going to start you on here. We have a defined proven version that we are going to start with for rollout. Today we had a kickoff and as a part of that we are developing management plans and identifying who was responsible for what. We are doing a co-manager approach to ensure that more than one set of eyes is involved in the project. So I just wanted to emphasize that the team for this project is doing a lot to ensure that we are managing the project. We have weekly meetings where we hold each other accountable. We have a SharePoint calendar that breaks down all of the roles and responsibilities for the project. Just to reiterate that there is going to be a lot of documented steps to hold people accountable so there is a lot of accountability built into this project just to kind of alleviate those concerns.

Councilor Gatlin stated, boy you needed to be in Salem. With this maintenance that we are paying for am I getting it correctly that we get free upgrades should we desire them and is IT involved or I should say support for that also 24/7 included in that?

City Manager Cubic stated, we do have support and the upgrades are available for free like Jay mentioned. They will hold onto over a certain amount of time the old software and then ultimately they will continue to service it so it encourages you to move forward with the new software as a comes out.

Committee Member Morin stated, since you're going forward with a staggered go live process with the different modules at different times does the cost include the converting of old data into the system and managing both systems concurrently until the entire new system is online managing your data integrity with the two systems running in sync?

Finance Director Meredith stated, so I heard two questions there. Does it cover the conversion costs and that answer is yes. The conversion costs are built into the contract and built into the capital budget. For the first year we don't pay maintenance on the new system but starting in year two we do pay maintenance on the new system. That will be built into the operating

budgets. Actually the Finance department pays the largest share of the maintenance of the system and part of it will also be paid by the Parks and Community Development operating budget. A very large chunk of this project is actually the permitting module so Finance will pay for the financial backbone and the maintenance costs related to the financial backbone and then community development will pay for the development related modules and the maintenance costs on those modules. You will see in the operating budget for both Finance and for Community Development and actually IT will pay for a small chunk too. The system comes with an integrated document management system and IT is paying for the document management system and the maintenance related to that module. This is a very well integrated system so as financial transactions happen it's automatically captured in our document management system as well with contracts. The maintenance is built into the operating budgets as ongoing maintenance costs and then this project takes care of the capital costs, implementation costs, the conversion costs, training, and all the one-time costs to go with putting this new system in place.

Chair Lindsay asked, any other questions? I have one. As a former computer geek myself I am always concerned about security and obsolescence of operating systems. I trust that they're not going to be using Windows as the basis of the operating system for this?

Finance Director Meredith stated, it is a web based system. We are operating in a Windows environment here at the City. We're a Microsoft shop you could say all around because that best meets the City's business needs, but it's a browser based platform.

Committee Member Morin asked, is the server or Windows server like a SQL or something like that?

Finance Director Meredith stated, yes it's based on a SQL Server like most major systems are these days.

Chair Lindsay asked, any other questions?

MOTION/VOTE

Councilor DeYoung moved and Committee Member Simpson seconded to continue the meeting past 9:00pm. The vote resulted as follows: “AYES”: Councilors DeYoung, Williams, Hannum, Webber, Riker, Goodwin, and Gatlin and Committee Members Leagjeld, Collins, Morin, Brandes, Simpson, Lindsay, and Still. “NAYS”: None. Abstain: None. Absent: Councilor Morgan and Committee Member DeHoog.

The motion passed.

City Manager Cubic stated, LB 6146 - page 191 - Riverside Playground. There is additional funding recommended for fiscal year 2015 of \$35,000 from transient room taxes and \$15,000 from Park SDCs. This project will replace and upgrade the playground at Riverside Park.

Chair Lindsay asked, any questions? My comment is I am pretty sure the public will be very pleased with that because the playground equipment that is there now is woefully obsolete and deteriorating rapidly. Are there any other comments?

City Manager Cubic stated, LB 6188 - page 195 - Technology Lifecycle Management fiscal year 2014 to fiscal year 2016. Additional funding recommended for 2015 is \$50,000 from the general fund. This project replaces or upgrades data network hardware and software components which have reached the end of their life cycle and/or are in need of updates. Estimated project \$50,000 per year for those three years. It includes licensing and system maintenance requirements.

Chair Lindsay asked, any comments or questions?

City Manager Cubic stated, general fund transfers to Public Works capital programs. \$15,000 Stormwater TMDL plant implementation, \$150,000 for sewer main structural repairs, \$250,000 for Gilbert Creek bridge replacement, \$30,000 for pedestrian safety transit hub evaluation, \$100,000 for water main relocation, and \$50,000 for small main replacement fiscal year 2015. That concludes my presentation.

Chair Lindsay asked, any comments or questions? I have one about the Gilbert Creek bridge replacement. Is that the one on Savage?

Public Works Director Haugen replied, [off mic] yes.

Councilor DeYoung stated, going back to the Parks equipment I saw a number of \$136,000 and now it's \$200,000 on the playground equipment at Riverside Park.

City Manager Cubic stated, on the playground equipment?

Councilor DeYoung asked, did we add something to that?

City Manager Cubic stated, I think that was additional funding from another source.

PCD Director Black stated, this project has had various figures because it's grown and then we weren't going to do it and I believe we had some money that was dedicated and then was taken back. What this reflects now is what the current plan is to get the desired playground and this is how much it would cost. With the jet boats that Krauss craft is making and everything to go along with the theme of the park and all that kind of stuff. Before we were considering whether or not we would be able to get those, but with the additional \$35,000 in transient room tax and \$15,000 in SDCs that's going to make it so we can get those extra amenities plus a rope climbing area and stuff like that.

Chair Lindsay asked, does that complete your presentation Aaron?

City Manager Cubic stated, yes it does.

Chair Lindsay stated, next on the agenda is ratification of the budget hearing schedule. We have been given the recommended schedule and agendas.

MOTION/VOTE

Councilor Williams moved and Committee Member Still seconded to approve the budget committee schedule as presented. The vote resulted as follows: "AYES": Councilors DeYoung, Williams, Hannum, Webber, Riker, Goodwin, and Gatlin and Committee Members Leagjeld, Collins, Morin, Brandes, Simpson, Lindsay, and Still. "NAYS": None. Abstain: None. Absent: Councilor Morgan and Committee Member DeHoog.

The motion passed.

Chair Lindsay stated, now is the time for any public comment and/or questions. Is there anybody in the audience that wishes to ask a question or make a statement?

Ms. Lasky stated, my name is Kate Lasky and I am the executive director for Josephine Community Libraries. I have met most of you and I just wanted to come to your first budget committee meeting and say thank you very much for your ongoing support of information services for our community residents. For many individuals in our community this is their only way of accessing technology and current information and so your attention to this in the regular budget process as you did last year is extremely important to me, you can tell by how long I stayed tonight, and very much appreciated. That's all I wanted to say.

Chair Lindsay stated, thank you Kate. Anybody else from the audience? Seeing none this portion of the public comment is closed. Any general questions or information requests from the Budget Committee?

Finance Director Meredith stated, a lot of times of what I do at the end of meetings is I will summarize the information requests that we have received to date. Tonight I only have one unless the Committee informs me of any that I have missed. You had requested the date for the end of the SOREDI contract and so we will provide that information to you. Obviously that is a very easy one that's not going to take any staff time so no problem there. If there are any other information requests that came up that I missed please let me know otherwise we will make sure that information is available to you at our next meeting.

MOTION/VOTE

Councilor Gatlin moved and Vice Chair Brandes seconded to continue the budget committee hearing to May 13, 2014. The vote resulted as follows: "AYES": Councilors DeYoung, Williams, Hannum, Webber, Riker, Goodwin, and Gatlin and Committee Members Leagjeld, Collins, Morin, Brandes, Simpson, Lindsay, and Still. "NAYS": None. Abstain: None. Absent: Councilor Morgan and Committee Member DeHoog.

The motion passed.

The motions contained herein and the accompanying votes have been verified by:



City Manager or Finance Director

7/24/2014

Date

These minutes were prepared by contracted minute taker, David Quimby.